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United Nations Office on Drugs and Crime

Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

AIFA	Agenzia Italiana del Farmaco
AusAID	Australian Agency for International Development
CBRN COE	Chemical, Biological, Radiological and Nuclear defence Centres of Excellence
CITES	Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora
COPARMEX	Confederación Patronal de la República Mexicana
FAO	Food and Agriculture Organization of the United Nations
IMIS	Integrated Management Information System
IOM	International Organization for Migration
IPSAS	International Public Sector Accounting Standards
MDGF	Millennium Development Goals Fund
MDTF	Multi-Donor Trust Fund
NATO	North Atlantic Treaty Organization
OPEC	Organization of Petroleum Exporting Countries
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
UTRF Morocco	Unité de traitement du renseignement financier, Morocco
WFP	World Food Programme
WHO	World Health Organization

Letters of transmittal

Letter dated 31 March 2014 from the Executive Director of the United Nations Office on Drugs and Crime addressed to the Chair of the Board of Auditors

In accordance with General Assembly resolutions 46/185 C of 20 December 1991 and 61/252 of 22 December 2006, I have the honour to submit the accounts of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme Fund for the biennium ended 31 December 2013.

Copies of these financial statements are also being transmitted to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Yuri **Fedotov**
Executive Director
United Nations Office on Drugs and Crime

Letter dated 30 June 2014 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Office on Drugs and Crime for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations Office on Drugs and Crime (UNODC) for the biennium ended 31 December 2013, which comprise the statement of consolidated income and expenditure and changes in reserves and fund balances (statement I), the statement of consolidated assets, liabilities and reserves and fund balances (statement II), the statement of consolidated cash flows (statement III) and the supporting statements, schedules and explanatory notes.

Management's responsibility for the financial statements

The Executive Director of UNODC is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards and for such internal control as is deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers such internal control as is relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UNODC as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of UNODC that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations, the Financial Rules of UNODC and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UNODC.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the United Nations Board of Auditors
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania

30 June 2014

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations Office on Drugs and Crime (UNODC) is mandated to assist Member States in tackling illicit drugs, crime and terrorism. Headquartered in Vienna, UNODC operates globally, with a staff of 2,072 and a network of 65 field offices. Almost all of the activities of UNODC are undertaken through individual projects at the global, regional and country levels. Country and regional projects are primarily the responsibility of the regional offices of UNODC, with global projects led from its headquarters.

The United Nations Office on Drugs and Crime is funded mostly from voluntary contributions. For the biennium 2012-2013, these amounted to $597 million of a total income of $677 million ($333 million for the drug programme and $264 million for the crime programme). Expenditure for 2012-2013 was $523 million, resulting in an excess of income over expenditure of $154 million. UNODC also receives $46 million (6.8 per cent of total income) from the United Nations regular budget.

The Board of Auditors has audited the financial statements and reviewed operations of UNODC for the biennium ended 31 December 2013. The audit was carried out by examining financial transactions and operations at UNODC headquarters in Vienna, and through field visits to operations in Uzbekistan and Brazil.

Audit opinion

The Board has issued an unqualified audit opinion on the financial statements of UNODC for the biennium ended 31 December 2013, as reflected in chapter I.

Overall conclusion

While in a relatively healthy financial position with good demand for its services, the growth in ring-fenced voluntary contributions and the likelihood that this will be a continuing trend in future years has important implications for the service delivery model of UNODC: in particular, how it manages its financial performance and financial sustainability, understands the costs of delivering its activities, and how it balances the priorities of its governing bodies and those of individual donors. The Board will in future audits be examining how UNODC is responding to this challenge.

The United Nations Office on Drugs and Crime does not have a clear or complete picture of its project portfolio. Neither does it have a clear picture of the extent or reasons for project revisions. This could result in mistakes made at planning being repeated in future projects. UNODC also needs to improve the consistency and timeliness of project and programme reporting to management and external stakeholders. These are important issues that need to be addressed to maintain donor confidence.

The recently launched framework of UNODC for managing external parties is a positive and timely development. It will be important that senior managers monitor compliance with the new framework and associated guidance, and assess the impact on operational delivery in order to reduce the risks that funds are not used by external parties for the purposes intended and to minimize the risks of error and fraud inherent in such arrangements.

Key findings

Financial management

The United Nations Office on Drugs and Crime has increased its voluntary income substantially over the biennium and is in good financial health with a strong cash position. However, systems of internal control have not kept up with the scale and diversity of the business and the Board repeatedly came across examples where UNODC found it difficult to easily extract, timely and reliable financial management, financial monitoring, and programme information. This is exacerbated by the variable operation of data input and controls across the large field office network.

Implementation of the International Public Sector Accounting Standards

The United Nations Office on Drugs and Crime is making good progress in implementing the International Public Sector Accounting Standards (IPSAS) but will need to continue to focus on improving the timeliness of data inputs to front-line systems to improve the accuracy of the balances for accruals, unliquidated obligations and non-expendable property.

Project management

Projects of UNODC are routinely revised extended, in some cases by more than 10 years, but UNODC does not analyse on a regular basis the reasons for project revisions to determine whether they are indicative of weaknesses in project planning, or if lessons could be learned to inform future projects. Frequent extension could also indicate that some projects would be better developed as programmes and funding pursued on that basis.

On project monitoring, the portal to which progress reports are uploaded for use by UNODC management and external stakeholders was not up to date. This creates a risk that project activity is not transparent and that UNODC management and stakeholders will be unable to intervene on a timely basis when project delivery is at risk. Project progress is also not reported to the UNODC Programme Review Committee, in accordance with requirements.

Field procurement

The 65 field offices of UNODC account for a significant proportion of its procurement activity (the exact proportion is unknown because of deficiencies in UNODC procurement data). From the work conducted at two field offices, the Board noted that the offices conducted procurement in accordance with United Nations regulations and rules, and applied both good governance and a rigorous selection process. Nevertheless, there is a risk that procurement staff with no professional procurement expertise may not carry out procurement in line with procurement rules.

UNODC does not currently conduct any checks on procurements undertaken in the field by either field offices or other United Nations entities on its behalf and has no assurance that it has visibility of the complete population of field procurement activity.

Managing external parties

The UNODC Framework on Engagement of External Parties, which is intended to improve the consistency and robustness of the projects undertaken in partnership with external bodies, was launched in April 2014. Its successful introduction could address issues the Board identified in the management of external party arrangements at headquarters and in the field, including the absence of evidence of robust selection and monitoring. Successful implementation will require all staff to comply with the Framework and associated guidance. UNODC also needs to secure a clear picture of the value and nature of spend through external parties; the data in the existing systems being used by UNODC are incomplete.

Recommendations

In the light of its findings, the Board has made recommendations throughout the report, all of which have been agreed by UNODC. The main recommendations are that UNODC:

(a) Develop timely solutions for the implementation of IPSAS and embed timely data entry and validation requirements into the business as a matter of urgency;

(b) Strengthen its quarterly review activity so that the validity and accuracy of unliquidated obligations and non-expendable property are assured, and consider increasing guidance and oversight in this area to better ensure commitments are updated timeously to changes;

(c) On a regular basis, analyse the reasons for project revisions and extensions to assess whether the current project-based approach is the most efficient way to secure funding to deliver its outcomes and to determine the scope to improve project planning;

(d) Require divisional directors, where project managers fail to upload progress reports to the Programme and Financial Information Management System (ProFi) within one month of the end of the period to which they relate, to take corrective action in order to give management and stakeholders clear sight of project progress and the opportunity to address on a timely basis any problems with delivery;

(e) Require divisional directors to take corrective action where field representatives fail to submit annual programme performance reviews for regional and country programmes to the UNODC Programme Review Committee, so that progress is subject to challenge;

(f) Produce, by October 2014, a complete and accurate picture of spend with and through external parties, to determine where additional support, resources or compliance scrutiny might be required to assure UNODC that its capacity for managing relationships with external parties is adequate. UNODC should update and review this information on a regular basis in the future;

(g) Monitor compliance, in particular that of the Division for Operations, with the framework for the engagement of external parties and, by end of July 2015, analyse whether the introduction of the framework has resulted in any significant changes in the pace or scope of project delivery;

(h) Require the Financial Resources Management Service, the Procurement Section and the Division for Operations to establish the means to gather and analyse on a regular basis complete and reliable data on the volume and value of field office procurement in order to determine where additional support, resources or compliance scrutiny might be required to assure UNODC that its procurement skills capacity is adequate;

(i) Identify means to secure assurance that field office procurement is being undertaken in accordance with the procurement rules of UNODC and the United Nations Office at Vienna;

The Board also reiterates and modifies its previous recommendation that UNODC:

(j) Establish a steering group, with one representative from each Division and the Information Technology Service to prioritize system enhancements and coordinate input to the development and implementation of system enhancements from each of their divisions.

Follow-up of previous recommendations

Of the 32 recommendations made for biennium 2010-2011 and previous years, UNODC had fully implemented 14 (44 per cent), 11 (34 per cent) were under implementation, 1 was not implemented and 6 were closed (and in some cases replaced by new recommendations). Two of the 2010-2011 recommendations were directed to the United Nations Office in Vienna; both related to procurement and both have been implemented. Annex I to the present report contains a summary of the action taken on all recommendations.

A. Background

Operational context

1. The United Nations Office on Drugs and Crime (UNODC) is mandated to assist Member States in tackling illicit drugs, crime and terrorism. Headquartered in Vienna, UNODC operates globally, with a staff of 2,072 and a network of eight regional offices and 57 other field offices. Almost all of its activities are undertaken through individual projects (247 as at 31 December 2013) at the global, regional and country levels. Country and regional projects are primarily the responsibility of the regional offices of UNODC, with global projects led from its headquarters.

B. Mandate, scope and methodology

2. The Board of Auditors has audited the financial statements of UNODC and has reviewed its operations for the biennium ended 31 December 2013, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations and the Financial Rules of UNODC, as well as the International Standards on Auditing. The latter standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNODC as at 31 December 2013 and its financial performance and cash flows for the financial period, in accordance with the United Nations system accounting standards. This included assessing whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations and the Financial Rules of UNODC. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. The Board also reviewed UNODC operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, focusing on project performance and management, the management of external parties and field procurement.

5. During the course of the audit, the Board visited UNODC headquarters in Vienna and field operations in Uzbekistan and Brazil, and coordinated closely with the Office of Internal Oversight Services. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UNODC and its views have been appropriately reflected throughout the report.

C. Findings and recommendations

1. Follow-up of previous recommendations

6. Of the 32 recommendations made for biennium 2010-2011 and previous years, UNODC had fully implemented 14 (44 per cent), 11 (34 per cent) were under implementation, 1 was not implemented and 6 were closed (and in some cases replaced by new recommendations). Two of the 2010-2011 recommendations were directed to the United Nations Office at Vienna; both related to procurement and both have been implemented. The recommendation which was not implemented relates to the coordination of information technology improvement projects, which the auditors found were not coordinated. Annex I contains a summary of the action taken on all recommendations.

2. Financial overview

7. Actual income for the biennium 2012-2013 was $677 million (for 2010-2011, $567 million), which comprised $381 million (for 2010-2011, $313 million) for the drugs programme and $296 million (for 2010-2011, $254 million) for the crime programme. The expenditure reported for the biennium was $523 million (for 2010-2011, $494 million): $283 million (for 2010-2011, $305 million) for the drugs programme and $240 million (for 2010-2011, $189 million) for the crime programme.

8. The United Nations Office on Drugs and Crime is funded almost entirely from voluntary contributions. For the biennium 2012-2013, these contributions amounted to $597 million of the total income of $677 million ($333 million for the drug programme and $264 million for the crime programme). Expenditure for 2012-2013 was $523 million, resulting in an excess of income over expenditure of $154 million. UNODC also received $46 million (6.8 per cent of total income) from the United Nations regular budget, $25 million from inter-organizational agreements and $9 million from interest and sundry income.

9. The net surplus of UNODC of $154 million (in 2010-2011, $74 million) has enabled it to grow its reserves from $346 million to $475 million in 2013. In turn, its net cash and investments position increased from $348 million at the start of the biennium to $451 million at the end.

10. The financial ratios set out in table 1 confirm that UNODC is in a healthy financial position with sufficient assets to cover its short and long-term liabilities. The liquidity position is also strong, with sufficient cash available to comfortably meet short-term liabilities.

Table 1
Ratio analysis

Description	*31 December 2013*	*31 December 2011*
Total assets to current liabilities	4.8	2.3
Total assets to total liabilities	3.6	2.0
Cash to current liabilities	3.3	1.2
Cash to total liabilities	2.5	1.0

Source: Board analysis of UNODC financial data.

3. Financial management and internal control

Full cost recovery

11. Voluntary contributions to UNODC have grown by $113 million (23 per cent) since the previous biennium, building on a trend of growth across earlier bienniums. UNODC considers that this reflects a growing demand for its services in relevant areas, such as crimes committed at sea, cybercrime, cultural property crimes and illicit trafficking in precious metals. The overall and continuing decline in general-purpose funding and a significant increase in the funding available through the voluntary contributions demonstrates a growing trend towards ring-fencing by contributors of donations to projects that meet certain objectives.

12. The growth in ring-fenced voluntary contributions and the likelihood that this will be a continuing trend in future years has important implications for the service delivery model of UNODC, how UNODC manages its financial performance and financial sustainability, and how it balances the priorities of its governing bodies and those of individual donors.

13. The Board has previously noted that UNODC had introduced a new integrated programme planning and implementation system to allow it to respond to the priorities of Member States in a sustainable and coherent manner. A core part of this new approach was the introduction of regional programmes; however, as noted in the updated information on the implementation of previous recommendations (see annex I), progress on the evaluation of these programmes has been slow, and so it remains unclear as to whether the approach has been successful.

14. The United Nations Office on Drugs and Crime anticipates a further decline in regular budget resources for the biennium 2014-2015. This has prompted a concerted look at cost-containment measures at UNODC, and work to establish a sustainable and transparent organizational funding model to better predict resource requirements versus costs and provide more transparent support of UNODC technical assistance programmes.

15. The Office has also introduced a full cost recovery initiative with the aim, from 2014, of allocating costs that are wholly or partly attributable to an operation, programme or project to the intervention concerned. One of the challenges inherent in such an exercise is obtaining a better understanding of whether there are legitimate reasons for why costs are higher in some local or regional offices than in others so as to ensure that a sustainable cost recovery rate can be determined. It is likely that, as a better understanding of costs emerges, some local offices will need to grow and others to shrink.

16. The full cost recovery initiative, if implemented successfully, should enable UNODC to better understand its cost base for different types of donor-funded interventions and across different regions. It could also help in developing a means of allocating costs within other funding streams. The Board will review and monitor the full cost recovery initiative and, for example, how the distinctions between direct and indirect costs are drawn, in its future audits.

Systems complexities and risks

17. The United Nations Office on Drugs and Crime operates with a particularly complex accounting system that involves multiple databases. Transaction-level data

for the drugs and crime programmes are recorded in two record-keeping systems, the Integrated Management Information System (IMIS) and PeopleSoft, and the financial statements are based on data from both. Transactions for the drugs programme recorded within IMIS and transactions for the crime programme recorded within PeopleSoft are routinely summarized and manually transferred between the systems. The complexity of compiling accounts from multiple systems increases the risk of errors entering the financial statements. Although some errors in mapping expenditures to account figures were noted during the audit, they were not material.

18. In addition to the two ledger systems (IMIS and PeopleSoft), financial data entry and financial monitoring takes place through and across several other systems, such as the Funding Agreement and Donor Profile (FADP) for income management, ProFi for project management, and procurement and asset registers for asset management. For purposes of efficiency, these systems should interface but they do not.

19. Numerous reconciliations and methods are adopted to obtain data reliable enough for both management and financial reporting purposes. For example, the ProFi system, which is used by project managers to monitor projects, holds certain data on project budgets and spend. Project managers frequently need to send project progress reports to donors; however, the expenditure data held in ProFi is not always up-to-date and reliable. The Financial Resources Management Service of UNODC therefore conducts various cross-checks to validate the data before they can be sent to donors. As a further example, the Co-financing and Partnership Section team uses the FADP system to record income agreements but the income listings drawn from FADP do not immediately match the income recorded in the financial ledgers.

20. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that any system enhancements be coordinated to benefit both the immediate user and the corporate need**. The ability to easily monitor and review financial management information centrally is severely limited by the functionality and fragmentation of the systems. At the same time, UNODC operates a highly decentralized system of controls.

21. The Board previously recommended (see A/67/5/Add.9, chap. II, para. 26) that UNODC develop procedures to improve the timely monitoring of the use of delegated controls and availability of data to enable headquarters to detect error. In response, the finance team have introduced some improvements. For example, the quarterly and annual internal oversight reports that field offices are required to submit have been refined to now include a monthly sign-off on payroll verification and a review of expenditure. However, these reports do not yet cover certain business areas, such as non-expendable property.

22. Despite these enhancements overall financial monitoring and reporting across UNODC is underdeveloped, especially for an organization of this scale, which is running global projects and managing donor funds.

23. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it broaden the field office reports to include other areas, such as non-expendable property.**

Unliquidated obligations

24. The Board noted deficiencies in procedures and controls over the continuing validity and accuracy of unliquidated obligations. The balance of unliquidated obligations was $17.1 million at the end of the biennium.

25. The Board reviewed the quarterly review activity of UNODC and compared it to an analysis of the clearing of unliquidated obligations during 2012 and 2013. The levels of write-offs and cancellations in December each year (around $2.3 million) were considerably higher than in the other quarters, which averaged under $0.25 million. There was no satisfactory link to business activities to explain this. Further review found that the guidance issued for the quarterly review activity could be strengthened in order to mitigate the risk of unliquidated obligation certifying officers considering only continuing validity as opposed to validity and accuracy of remaining obligation.

26. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it strengthen its quarterly review activity so that validity and accuracy of unliquidated obligations are assured, and consider increasing guidance and oversight in this area to better ensure commitments are updated timeously.**

27. Additional testing of the balance of unliquidated obligations and in particular after-date review of spend against those obligations, while supporting the reported balance, revealed that $500,000 was removed between January and April 2014 and that $400,000 of this amount related to one department.

Non-expendable property

28. The United Nations Office on Drugs and Crime held $18 million in non-expendable property as at 31 December 2013. The procedures and controls to ensure the fixed asset registers are complete and accurate did not operate sufficiently well, particularly at field offices. For example, 3 of the 20 asset purchases sampled had not been captured on a fixed asset register; fixed assets had been recorded with incorrect values in the register and/or with the incorrect exchange rate applied by the field office; and, of 36 write-offs sampled from the asset registers, 10 had received retrospective approval, with 7 of these having been disposed of over two years previously.

29. While these deficiencies do not lead to material error in UNODC financial statements prepared according to the United Nations system accounting standards, where physical assets are not reported on the statement of assets and liabilities, they will need to be rectified to avoid material error in UNODC opening balances and financial statements prepared in accordance with IPSAS.

30. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that its field offices update fixed asset registers promptly for additions, disposals and any transfers required when project assets are completed or handed over**. UNODC stated that, subject to additional funding being made available and to the implementation of Umoja, the General Support Section of the Division for Management, United Nations Office at Vienna, and the UNODC Division for Operations will coordinate in providing assistance to field offices to ensure that asset registers are updated.

4. Progress towards the implementation of the International Public Sector Accounting Standards

31. The United Nations Office on Drugs and Crime will prepare its first set of financial statements under IPSAS for the year ended 31 December 2014. The Board continued to review the preparations being made to implement IPSAS and, in particular, the readiness of accounting policies and financial processes and the opening balances.

32. The ability of UNODC to prepare IPSAS-compliant financial statements directly from its financial systems is limited by its legacy systems and the related complexities in the data entry and control chain associated with a high level of delegated responsibility to the field. The central finance team has made good progress against the overall timetable and has increased resources to enable better oversight, for example, of the property, plant and equipment area. Management, however, faces a number of pressing challenges if it is to have greater confidence in producing and maintaining relevant data of sufficient quality to meet IPSAS requirements. In particular:

- Most UNODC property, plant and equipment is located in its network of field offices. Headquarters staff rely on the returns submitted by the field and, as yet, have been unable to validate the completeness and validity of the returns, partly because of a lack of dedicated resources.
- Field offices need more training to become more confident and competent with regard to the financial data needs of IPSAS. For example, in connection with the recognition of income and pledges and how to account for this in the correct financial year.
- The lack of complete and timely updating of the asset registers for newly acquired assets and assets transferred to beneficiaries.
- Weaknesses in the review by UNODC of unliquidated obligations and lack of regular and timely revision of the balances could severely limit the reliability of these systems to draw accrual information for IPSAS.

33. The Office is aware of the challenges it faces and is working with field offices, especially as regards the provision of additional training, support and guidance to address the remaining issues. The Board will review the progress made in addressing these issues as part of its audit of UNODC opening balances prepared in accordance with IPSAS.

34. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it develop solutions for IPSAS implementation and embed timely data entry and validation requirements into the business as a matter of urgency.**

5. Risk management

35. The Board previously recommended that UNODC implement a consistent organizational approach to risk management planning (A/67/5/Add.9, chap. II, para. 29) and examine ways in which to implement improved risk management in the context of the delivery of projects.

36. Working closely with the United Nations Office at Vienna as part of the United Nations Secretariat enterprise risk management and internal control framework initiative, UNODC has made positive progress in developing a local enterprise risk management approach. It is developing a corporate risk management framework, with risk management now a regular agenda item at meetings of the management coordination committee, in which directors and senior managers from across the organization participate. UNODC has also established and is further refining corporate risk registers and is developing its risk reporting arrangements, including risk dashboards. At the time of reporting, more work was needed to develop the risk registers in order to enable mitigations to be elaborated and prioritized.

37. For projects, UNODC does capture and monitor risks at a project level but only those risks outside its direct control. Therefore, core data that would allow typical project risks to be monitored and the quality of mitigating actions to be centrally reviewed and understood are not being captured.

38. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that, by July 2014, it finalize its organizational risk register by prioritizing the risks and identifying mitigating actions. The register should be reviewed regularly by senior management team of UNODC, and action taken to mitigate any risks that arise.**

6. Project management and monitoring

39. The primary delivery activities of UNODC (i.e. providing support to Member States) are undertaken as projects. It was found that UNODC does not have any way to easily and accurately extract the current number of live projects, with reports having to be run manually by the Information Technology Service. UNODC provided a report to the Board, which indicated that, as at December 2013, it was running 247 live projects. However, the Board was provided with differing figures at various points during its audit work. There is a risk that UNODC does not have a clear or complete understanding of the volume and value of its ongoing work.

40. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it establish a reliable means of extracting information on the number of live projects it is managing, and on the associated budgets and expenditure for each project.**

41. The Board reviewed 18 projects managed by UNODC headquarters, its Regional Office for Central Asia and its Liaison and Partnership Office in Brazil in order to determine whether projects had progressed according to plan, and whether there were any systemic issues relating to project development and management. The total approved budget for the 18 projects was $245 million (equivalent to approximately 19 per cent of the approved budget for the 247 active projects of UNODC as at 31 December 2013). Detailed information on the projects is provided in annex II.

Project revisions

42. A project revision occurs when there is a proposed change to the budget, scope, timing or staffing of a project. It is important that revisions be subject to scrutiny and challenge in order to provide assurance that projects remain within the scope of the mandate of UNODC, and that UNODC has the capacity to deliver any additional activities; 15 of the 18 projects reviewed had been subject to revision:

- In two cases, projects had been revised 12 times since their inception.
- In 15 cases, at least one of the revisions resulted in changes to project budget or duration. The duration of 15 projects had increased, by an average of 47 months; one project had been extended by over 10 years and one by 9 years and 11 months.
- The budget for 10 of the projects had increased, by between $50,000 and $42 million. Of the six global projects reviewed at headquarters, budget increases ranged from $22 million to $42 million.

43. The reasons for the revisions varied but generally reflected additional funding from donors to extend the duration or scope of the project. However, in some cases, at least one of the revisions did not extend the scope, duration or budget of the project, instead reflecting a relatively minor change in its staffing structure. In other cases, the additional activities to be delivered were not clearly articulated: for example, "carry out further training".

44. The Office does not systematically analyse the reasons for project revisions and extensions, despite systemic and frequent revisions being at least indicative of incomplete or unrealistic planning at the project proposal or revision stage. Regular analysis of the reasons for project revisions could highlight common themes or issues, which could be of value when developing new projects. Multiple or long extensions to some projects may indicate that they would be better devised as a programme, with a longer-term funding model. This is particularly true in the case of UNODC global projects, but applies to other projects.

45. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that, where a project revision document proposes an increase in the budget or duration of the project, UNODC project managers specify clearly and succinctly in the document the additional outcomes to be achieved as a result of the increase.**

46. **The United Nations Office on Drugs and Crime also agreed with the Board's recommendation that, on a regular basis, it analyse the reasons for project revisions and extensions in order to assess whether the current project-based approach is the most efficient way to secure funding to deliver its outcomes and to determine the scope to improve project planning.**

Specific issues

47. The Board noted two significant issues that were specific to the individual projects examined. The first related to project UZBK23, managed by the UNODC Regional Office for Central Asia, which was initiated in 2011 with the aim of improving the capacities of Central Asian countries for handling qualitative and quantitative data. The formal agreement to participate in project UZBK23 had been received from only one of the six intended beneficiary countries, and that one had formally declined the project. Of the remaining four countries, two had not signed the agreement and two had not replied. The Regional Office for Central Asia informed the Board that, based on discussions with beneficiary countries in which the countries had agreed to aspects of the project, it had decided to proceed with the project. There is a risk that, without formal agreements, donors or recipient States may withdraw funding or participation, resulting in UNODC losing funding or failing to deliver intended project outcomes.

48. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it secure clear commitment to project objectives from beneficiary countries before implementing projects and proceed with projects only where formal agreements are in place.**

49. The second issue related to project BRAT83, which was a multi-agency project managed by the UNODC Liaison and Partnership Office in Brazil. The donors required inter-agency cooperation and the Liaison and Partnership Office in Brazil worked with five other organizations of the United Nations system (United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization, United Nations Human Settlements Programme and International Labour Organization) to develop and implement the project. The project was coordinated by UNDP and the Liaison and Partnership Office in Brazil was responsible for the delivery of one of the six project outputs.

50. The joint programme plan, agreed by the six United Nations executing agencies, indicated that a full problem diagnosis would be completed by UNDP before other activities commenced. However, when the diagnosis was significantly delayed, the Liaison and Partnership Office in Brazil explored whether it could progress its activities without the full diagnosis. It concluded that this was possible and commenced the activities. The Liaison and Partnership Office acknowledges that it could have considered this at an earlier stage, but had not anticipated the significant delay and had wished to proceed in accordance with the agreed joint plan.

51. Progress reports prepared by the Liaison and Partnership Office in Brazil highlighted the risks in the multi-agency approach and provided a clear record of issues as they occurred. A midterm evaluation, commissioned by the donor and conducted by an independent expert, identified weaknesses in planning, resourcing and monitoring, along with deficiencies in integration, coordination and communication among the partner agencies. The issues identified in the evaluation report contributed to the donor deciding to limit funding to the project. While many elements of the project were delivered, some had to be reduced or removed. This included some aspects of the Liaison and Partnership Office segment.

52. Projects involving multiple delivery partners and/or which are significant in scale require strong planning and coordination. If the respective roles and responsibilities, as well as interdependencies, are not fully considered, agreed and met, there will be risks to successful delivery. The project highlights the need, from the outset, for a fuller assessment of risks and deliverability before commencing such joint projects.

53. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that, for projects undertaken jointly with other United Nations agencies, it establish, at the planning stage, whether there are any activities that might be undertaken unilaterally and plan for them accordingly.**

Monitoring and reporting

54. Project managers are required to submit four reports on each project per year to headquarters. The reports are uploaded to the UNODC business intelligence portal, ProFi. The portal is accessible to UNODC staff and to donors and other

Member States. Progress reporting is important because it provides management and stakeholders with assurance that projects are progressing in accordance with plans and alerts them to potential problems with delivery, thereby allowing them to intervene with challenge or additional support, if required.

55. At the time of the Board's review, progress reports for 2012 were missing for 6 of the 18 projects reviewed. In one case, no reports had been uploaded to ProFi for two years. In February 2014, the monitoring report of the UNODC Programme Support and Oversight Unit indicated that only 81 per cent of the reports due had been submitted and that the submission rate for individual offices ranged from 25 to 100 per cent. There is therefore a risk that project activity is not transparent and that details of project progress are not available to UNODC management and other stakeholders. Without up-to-date information on progress, management and stakeholders will be unable to respond to any emerging risks or problems.

56. Project managers reported spending a significant amount of time meeting additional reporting requirements, beyond those uploaded to ProFi. These include reports to donors, internal reports and reports for the wider United Nations system. Managers estimated that staff prepared at least 30 different reports and briefings in 2011/12, with one reporting a figure of over 60. Although managers did not specifically say so, it may be that the high volume of reports contributes to difficulties in managers preparing and uploading the reports to ProFi.

57. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that its divisional directors take corrective action where project managers fail to upload progress reports to ProFi within one month of the end of the period to which they relate, in order to give management and stakeholders clear sight of project progress and the opportunity to address on a timely basis any problems with delivery.**

58. **The United Nations Office on Drugs and Crime also agreed with the Board's recommendation that it review current reporting requirements, both for internal purposes and for donors, to determine whether there is a more economical way to carry out such reporting, for example, by streamlining or rationalizing reporting requirements or by minimizing the input required by project staff.**

Programme Review Committee

59. The role of the Programme Review Committee of UNODC is to review, provide challenge and approve significant projects and all programmes. UNODC operational management instructions require that programme progress reports, which provide a picture of progress for regional and country programmes, be submitted for review once per year. During 2012, only 3 programme progress reports, of a possible 15, were considered by the Committee. There was no evidence of divisional directors enforcing compliance with this requirement, or of the Programme Review Committee reporting the failure to the Executive Director. There is a risk that UNODC senior management does not have a clear picture of progress in regard to regional and country programmes, and that the programmes are not subject to internal, corporate challenge and control. As a result, if programmes are not progressing as expected, UNODC senior management is unable to take the necessary corrective action, or projects and programmes could grow significantly in value and/or scale, without any challenge.

60. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it require divisional directors to take corrective action in cases where field representatives fail to submit annual programme performance reviews for regional and country programmes to the Programme Review Committee of UNODC, so that progress is subject to challenge. The Programme Review Committee should report all instances of non-compliance to the Executive Director and the relevant Divisional Director.**

7. Management of external parties

61. The programme implementation challenges of UNODC are mainly grounded in the difficulties inherent in addressing the politically complex issues of drugs and crime. UNODC relies on external parties (implementing partners, third-party service providers and grants) for programme implementation. As noted below, UNODC does not have a complete and reliable picture of spending through external parties. However, UNODC estimates that, in 2013, it spent $23 million through implementing partners and that $22 million was disbursed in grants.

62. Working with external parties is a critical part of the United Nations system service delivery model. Such parties vary widely in terms of their size and role. They can be host Governments or large-scale, multinational, non-governmental organizations that work on a regular basis with United Nations entities, or smaller organizations, engaged to assist with local programme or project implementation. They also include parties to which grant payments are made, on a case-by-case basis. A core principle of accountability is that, whenever an organization passes funds to an external party, it should establish and operate an effective governance regime. This should allow the organization to secure assurance about both the suitability and capability of an external party and that funds, when disbursed, are used for the intended purpose.

63. The United Nations Office on Drugs and Crime does not have a complete picture of spending through external parties, and does not systematically monitor or report on spend. Without such information, it is not possible for UNODC to determine the level of operational risk and associated support that might be required across its business. The current systems do not allow this information to be easily extracted. When asked for information on spend through implementing partners, UNODC had to manually extract the data from its systems. In addition, the UNODC document for tracking grants, intended to capture data on all grants issued, did not have complete or accurate data.

64. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it produce, by October 2014, a complete and accurate picture of spend with and through external parties, to determine where additional support, resources or compliance scrutiny might be required to assure UNODC that its capacity for managing relationships with external parties is adequate. UNODC should update and review this information on a regular basis, ideally quarterly and at least annually.**

Selection of partners

65. The Board examined 24 partner arrangements, relating to 11 projects.

66. The United Nations Office on Drugs and Crime provided evidence of the process for selecting partners for only 3 of the 11 projects, and evidence of selection

for one of the three partners for one project managed by headquarters (GLOK32). For the remaining projects managed by headquarters, UNODC indicated that there had been difficulties in running an effective selection process. While recognizing that in some circumstances the choice and selection of external parties could be limited owing to political, economic or security situations, it is important that the partner selection process be documented, both to provide assurance that it has been conducted in a fair and transparent way and that the suitability and capability of the partner selected has been assessed in order to safeguard as far as possible UNODC and donor funds from the risks of fraud or poor value for money.

67. The Board noted that UNODC Regional Office for Central Asia has limited engagement with non-governmental organizations and other external parties and that management considered that the nature of the relationships (all involved either government bodies or other United Nations entities) did not warrant a formal selection process. The Board would expect to see some record of the basis for such decisions and that UNODC conduct due diligence checks, where appropriate.

68. The Liaison and Partnership Office in Brazil had used a competitive process to select seven of nine non-governmental organizations. In project BRAX16, only one of the two partners was selected using a competitive process. The other partner was appointed at the request of the donor, a private sector company which was already carrying out work on the reduction of youth violence. However, the Liaison and Partnership Office carried out its standard financial and regularity checks on the partner. In project BRAK57, to provide consistency and comparability in delivery of a specific research activity, one of the partners was selected without competition. Both the host Government and the Liaison and Partnership Office considered the partner to be uniquely placed to deliver the requirement, which was supported from our review of the project documentation.

69. The Board noted good practice in relation to project BRAT83. The intention of the project was to deliver a youth award programme in three geographical locations. After the initial assessment process, the Liaison and Partnership Office in Brazil and UNDP (one of the six United Nations partners in the project) met with the two highest-scoring bidders in each location in order to assess the understanding and capability of each of the bidders. This is not standard practice but reflected the fact that the project activity and methodology was new to Brazil.

70. **The United Nations Office on Drugs and Crime accepted the Board's recommendation that it assess, as part of the selection process, the suitability and capability of external parties and document and maintain a record of the processes used.**

Monitoring

71. The United Nations Office on Drugs and Crime provided monitoring agreements for all of the field office partners but did not do so for any of the headquarters partners. Without formal monitoring agreements, UNODC may be unable to secure assurance that projects are progressing in accordance with agreed plans. UNODC had carried out monitoring for each of the arrangements reviewed. In all 11 cases, partners submitted regular reports on both expenditure and substantive delivery and UNODC had conducted site visits to partners.

72. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it specify monitoring arrangements as part of the funding agreement for all parties to which it provides funds.**

73. During its monitoring of project BRAX16, the Liaison and Partnership Office in Brazil identified through ongoing monitoring that one partner was experiencing difficulties in delivering the project requirements. Despite efforts to assist, the Liaison and Partnership Office had to terminate the contract, which delayed and limited the project benefits. More broadly, there may be a need to consider whether more due diligence needs to be conducted to assess the capabilities of external parties before entering into relationships. For example, UNODC does not obtain the views of other United Nations entities that may be conducting business with the same external parties.

74. During the biennium, UNODC developed a framework to manage the use of external parties. Work on the framework commenced in late 2012 and it was launched in April 2014. The guidance comprises a framework document that describes the principles and purposes of engaging with external parties and a range of supporting documents and templates, including a manual on grants and a manual on engaging implementing partners. In addition to the new guidance, UNODC will establish an external party engagement unit in August 2014, which will provide advice and guidance to UNODC staff, as well as approval for specified partner arrangements. The unit will also compile and analyse data on the use by UNODC of external parties. The Board identified a number of areas in which the framework could be improved, and these are reflected in the recommendation below.

75. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it enhance its framework on the engagement of external parties**. The Board suggests the following enhancements:

- Clarify that, even where an external partner is used, UNODC is ultimately responsible for the effective and efficient use of donor funds.
- Include a requirement, in the section of the framework on due diligence and selection, to consult with UNODC colleagues and other United Nations organizations on whether the organization has met expected performance standards in previous engagements.
- Provide templates for implementing partner agreements.
- Make clear to project managers that project funding should be set aside to fund selection and monitoring activities.
- Provide guidance on minimum and maximum funding limits, and establish a limit on the overall length of relationship with a partner.
- Link monitoring options clearly to risk and materiality.
- Set out how field offices should capture and analyse the number, frequency and value of arrangements with all partners.
- Provide more guidance on compiling partner performance information, including a proportionate evaluation of a partner after the arrangement has concluded and an assessment of value for money.

76. The transition period in full utilizing the new Framework on Engagement of External Parties will be critical. Training for staff commenced on 7 May 2014 (153 staff, predominantly field staff, to be trained over three weeks) and UNODC should secure data and views about how the Framework is operating in practice. The Division for Operations will have a key role in monitoring compliance with the Framework.

77. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it, in particular its Division for Operations, monitor compliance with the framework for the engagement of external parties and, by July 2015, analyse whether its introduction has resulted in any significant changes in the pace or scope of project delivery.**

8. Field procurement

78. A substantial proportion of UNODC activities are coordinated and managed by its 65 field offices. As a result, field offices account for a significant proportion of UNODC procurement activity. Field offices can procure goods and services in three ways: through UNODC and/or the United Nations Office at Vienna; under delegated authority (13 field offices); or through another United Nations entity (such as UNDP or the United Nations Office for Project Services (UNOPS)).

79. During the course of the audit, UNODC headquarters had difficulty in providing data on the number of procurement exercises being undertaken by field offices with delegated authority or on those undertaken on behalf of field offices by other United Nations entities, such as UNDP or UNOPS. At the time of the final audit, the UNODC Procurement Section provided a new list of transactions but had not involved either the finance team or the Division for Operations (which is responsible for the operation of the field office network) in producing the list. Based on the figures provided, the total value of procurement exercises carried out by field offices in 2013 was some $29.8 million (60 per cent of total procurement spending by UNODC in 2013); data was not provided for 2012.

80. No assurance checks are undertaken at UNODC headquarters of procurement conducted in the field. Such limited oversight means that UNODC is unaware of trends in procurement activity and also unable to derive assurance that procurement exercises conducted under the delegated authority of field representatives, without professional procurement qualifications, is being undertaken in accordance with the applicable procurement rules.

81. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it require the Financial Resources Management Service, the Procurement Section and the Division for Operations to establish the means to gather and analyse on a regular basis complete and reliable data on the volume and value of field office procurement in order to determine where additional support, resources or compliance scrutiny might be required to assure UNODC that its procurement capacity is adequate.**

82. **The United Nations Office on Drugs and Crime also agreed with the Board's recommendation that it identify a means to secure assurance that field office procurement is being undertaken in accordance with the procurement rules of UNODC and the United Nations Office at Vienna.**

83. At the two field offices visited, procurement activity in the biennium had been conducted in line with United Nations rules and regulations and a competitive process had been carried out for each procurement exercise reviewed, with good governance and a rigorous selection process. In all cases, the balance of quality and price had been appropriate for the item or service requested. The offices had specified, within the calls for proposals, the criteria to be used to evaluate potential vendors, and had used the evaluation criteria set out in the *United Nations Procurement Manual*. Where goods and services had a value of more than $40,000, the offices had followed the appropriate procedures which had been authorized by the local committee on contracts. The Board concluded that procurement was well managed, attributing this commitment to compliance with extant rules and regulations, and a good and shared understanding among managers of the value of competitive procurement.

84. At the Regional Office for Central Asia, the Contracting Officer (the individual with delegated authority to create a contract and incur the obligation to make a payment) was also the Certifying Officer (the individual who confirms that the contract has been fulfilled) for 9 of the 10 cases reviewed. This arrangement could allow the Contracting Officer to order goods or services from a supplier and then confirm receipt of those goods or services without the goods having been provided. The arrangement was in place because there were no other staff members who could carry out the functions. While this does not represent a breach of the rules, and the Regional Office for Central Asia had put in place other controls to minimize the risk, the arrangement fell short of good practice and had been in place for nearly two years at the time of the audit. UNODC has taken action to address this risk, by granting the necessary authority to other members of staff in the office.

85. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that it determine if, as a result of inadequate staffing, any field offices are not applying an appropriate separation of duties, in line with good procurement practice.**

86. The field offices maintained a list of vendor details but did not systematically record and make use of their knowledge of vendor performance. Field offices currently rely too heavily on the knowledge and awareness of vendors held by individual staff. This increases the risk that issues may be overlooked when assessing the same vendors in connection with future procurements.

87. **The United Nations Office on Drugs and Crime agreed with the Board's recommendation that field offices work with UNODC headquarters to develop and maintain a formal record of vendor performance that can be easily drawn on in future procurement exercises.**

D. Disclosures by management

1. Write-off of losses of cash, receivables and property

88. The United Nations Office on Drugs and Crime informed the Board that it had formally written off $11.1 million (in 2010-2011, $8.2 million) on cash and receivables. This balance included $6.7 million written off for the drug fund and $4.4 million written off for the crime fund, as disclosed in note 4 to the financial

statements. In addition, $24 million (in 2010-2011, $27.2 million) in non-expendable property assets were written off.

2. Ex gratia payments

89. The Office informed the Board that there were no ex gratia payments for 2012-2013 (in 2010-2011, no payments).

3. Cases of fraud and presumptive fraud

90. The Office has reported six cases of fraud under investigation (in 2010-2011, none). There is no proven financial fraud during 2012-2013 that resulted in financial losses for UNODC. The presumptive fraud value is $32,445. All of these potential frauds were committed by staff members and involved embezzlement, sick leave, misuse of assets or non-compliance with administrative instruction. No criminal prosecutions against the individuals concerned were brought by UNODC in respect of the frauds committed.

E. Acknowledgement

91. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Under-Secretary-General and members of his staff.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania

30 June 2014

Annex I

Status of implementation of recommendations from prior periods[a]

Table A.1. Fully implemented recommendations (14)

Table A.2. Partially implemented recommendations (11)

Table A.3. Recommendation not yet implemented (1)

Table A.4. Recommendations closed (and in some cases replaced by new recommendations) (6)

Table A.1
Recommendations fully implemented by the United Nations Office on Drugs and Crime

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
1	2008-2009,[b] para. 66	UNODC to develop a funding plan for end-of-service and post-retirement liabilities, notably for after-service health insurance coverage	In line with the results of the actuarial valuation, UNODC initiated a 9 per cent assessment of its extrabudgetary funds beginning December 2012. The increases have been included in the 2013 budget for extrabudgetary funds	Recommendation was implemented in 2013 The Board notes that a pay-as-you-go approach remains in place
2	2008-2009,[b] para. 75	UNODC to revise its policy for the valuation of leave liability when implementing the International Public Sector Accounting Standards (IPSAS)	The policy valuation of leave liability was drafted by the United Nations IPSAS team	Recommendation was implemented in 2012 The Board will review the revised balances and presentation during its opening balances audit in 2014
3	2008-2009,[b] para. 112	UNODC to resolve the discrepancies between advances for its own balances and those of UNDP records	UNODC considers the recommendation implemented. UNODC has exerted all efforts to reconcile accounts with UNDP, and UNDP has submitted final closure of the clearing account 00028	Recommendation was implemented in 2013 The Board will review any further accounting actions
4	2010-2011,[c] para. 12	UNODC to revise its Financial Rules to formally approve revisions of the biennial budget for general-purpose funds at the meeting of its governing bodies, usually held in the first	The recommendation has been implemented Approval of the consolidated budget for the biennium 2012-2013 by the Commission on Narcotic Drugs was obtained at its	Recommendation is implemented

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
		quarter of the second year of the biennium. The Board suggests that this revision to the Financial Rules be undertaken at the same time that UNODC revises its financial regulations and rules in the context of IPSAS implementation	fifty-sixth session (11-15 March 2013), while that of the Commission on Crime Prevention and Criminal Justice was obtained at its twenty-second session (22-26 April 2013) Required revisions to the financial rules will be undertaken in line with the implementation of IPSAS	
5	2010-2011,[c] para. 15	UNODC to prepare financial statements that include the balances of UNODC regular budget contributions in its financial statements for 2012-2013	The recommendation has been implemented The UNODC 2012 interim and 2012 final financial statements include expenditures against the UNODC regular budget	Recommendation is implemented
6	2010-2011,[c] para. 26	UNODC to: (a) require regional representatives to provide evidenced monthly and year-end scrutiny of the financial returns, including obligations, from all country offices in the regions; and (b) institute a mechanism requiring senior field office management to review and sign off monthly payroll reconciliations (of expected payments to staff against actual payments)	The requirement for a monthly sign-off for payroll verification has been implemented. Additional sign-off to require the review of expenditure attribution in relation to funding received was also implemented. Additional asset register sign-off will be implemented in the normal course of business UNODC already has a regular and ongoing oversight mechanism, namely, the quarterly and annual internal oversight reports that field offices are required to submit. These reports will be refined to incorporate various issues brought up by the auditors, such as the monthly sign-off of payroll verifications, cleansing and completeness of the field office fixed asset registers etc.	Recommendation is implemented Regional representatives complete monthly sign-off of payroll The Board notes that the additional step planned by the Financial Resources Management Service of requiring the regional representative also to sign off on the asset register has not yet been implemented

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
7	2010-2011,[c] para. 27	UNODC to (a) strengthen financial management oversight and review in field offices; (b) evaluate the administrative structure within each regional office to ensure that the financial function is proportional to the size and programme in that office; and (c) implement system changes to aid segregation of duties within the regional office finance teams by the end of 2012	Recommendation (a): field office training was provided and the Financial Resources Management Service initiated periodic reviews of the implementation of the project portfolio and requested the Division for Operations to play a central role in the review of the projections and justifications for variances Recommendation (b): UNODC reviewed the administrative structure (including human resources and finance) and put changes in place. So far, this has been completed for the Country Office in Nigeria, the Regional Office for West and Central Africa (Dakar) and in the piracy programme under the Regional Office for Eastern Africa (Nairobi) Recommendation (c): in other field offices and in the context of upcoming interdivisional or other review missions, as well as of the review and revision of the UNODC funding model in preparation for the biennium 2014-2015, UNODC has assessed that it is not possible to create user profiles in the Field Office Management Ledger. An enhancement has been implemented through electronic certification, which grants access to authorized users only. To monitor user access, the user profile report has been developed	Recommendation is implemented In their visit to the Regional Office for Central Asia, the auditors found that processes had generally improved In their audit work with the Financial Resources Management Service, the auditors found stronger oversight, although it remained hampered by the sheer variety of the field offices

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
8	2010-2011,[c] para. 33	UNODC to review and strengthen its finance structure within targeted regional and field offices to promote full compliance with all procedures	The following measures have been introduced to implement the recommendation: • Enforcement of random check of imprest/petty cash systems • Surprise random counts • Year-end obligation review • Periodic finance training • Fixed asset sampling • Reports to flag certain type of transactions for review	Recommendation is implemented Approximately six offices are checked each year on a random basis by the Financial Resources Management Service
9	2010-2011,[c] para. 36	UNODC to: (a) update and circulate its guidance on handling advance daily subsistence allowance payments for disbursement and issue regular reminders to all staff; and (b) implement spot checks to drive a culture of full compliance in all UNODC offices	Detailed instructions were issued in the first quarter of 2013	Recommendation is implemented
10	2010-2011,[c] para. 42	UNODC to record all key information which is vital to its work within the system and make it available for multi-user purposes, with appropriate and complete cross-references to other documentation and documentation of its professional judgements. UNODC to also set out a strategy defining the parameters of a plan to retain such documents and information relating to major processes	The following changes have been implemented: • Field Office Management Ledger workflows have been improved; improvements include ability to attach supporting documents • Electronic certification has been enabled for the Field Office Management Ledger;	Recommendation is implemented Workflows have been improved to allow supporting documents to be attached and electronic certification has been enabled

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
			• Funding Agreement and Donor Profile changes have been implemented to reflect additional information Additional changes will be implemented when identified during the normal course of business, as resources permit	
11	2010-2011,[c] para. 46	UNODC to develop, in consultation with United Nations Headquarters, a comprehensive and effective solution to the funding of future commitments to its staff	In line with the results of the actuarial valuation, UNODC initiated a 9 per cent assessment of its extrabudgetary funds beginning December 2012. The increases have been included in the 2013 budget for extrabudgetary funds	Recommendation is implemented (see also item 1 above)
12	2010-2011,[c] para. 50	UNODC to review the levels of cash and investments it holds on a monthly basis, to analyse its cash flow and aid the review of programme and project implementation	Foreign exchange rates and investment returns exposure are measured and monitored biweekly. UNODC has liaised with United Nations Treasury to reduce risk by holding minimal euro balances. There was a significant sell-off in May 2012 Foreign exchange cash level is maintained at a level below the requirement of 2.5 months UNODC also liaises with United Nations Treasury on the Colombian pesos practice The Executive Committee is advised on the exposure carried	Recommendation is implemented The Financial Resources Management Service retains a monitoring spreadsheet

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
13	2010-2011,[c] para. 70	UNODC and the United Nations Office at Vienna to communicate urgently to all requisitioners, and on a regular basis thereafter, as necessary, the importance of timely commencement and completion of procurement processes so as to facilitate effective competition and avoid unnecessary expenditure	UNODC introduced automated reminders in 2013	Recommendation is implemented
14	2010-2011,[c] para. 23	UNODC to review its cash holdings with a view to minimizing the amounts on hand. This can be achieved by seeking ways to accelerate programme implementation in a controlled manner and by better matching contributions with realistic deployment schedules	The UNODC Framework on Engagement of External Parties was issued in April 2014 to reduce the bottleneck in grants processing and thus accelerate programme implementation. The Framework triggers quality assurance upfront; delays are therefore avoided. The Framework also enables UNODC to manage various types of risks, such as those associated with delivery, or financial risks Programmes that had unrealistic projections were not approved by the Programme Review Committee	Recommendation is implemented The Framework on Engagement of External Parties outlines procedural improvements which should reduce the need for advance excessive cash holdings

Table A.2

Recommendations partially implemented by the United Nations Office on Drugs and Crime

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
1	2010-2011,[c] para. 29	UNODC to implement a consistent organizational approach to risk management planning	The current quarterly and annual internal oversight reports referred to in table A.1, item 6, above already contain a section on risk management. Upon the completion of the corporate risk mitigation methodology (see table A.2, item 8), that section of the report will be refined to incorporate a register and hierarchy of risks, their rank or level, and their mitigation plans Upon submission of the quarterly and annual internal oversight report, the regional sections of the Integrated Programme and Oversight Branch, Division for Operations, will review the information submitted. Based on the reviews, management will decide whether further actions to manage, prevent and address those risks would be necessary	Recommendation is partially implemented UNODC now has a draft risk register UNODC has not yet embedded a final risk register or introduced and prioritized mitigation actions (see para. 38 of the present report)
2	2010-2011,[c] para. 38	UNODC to account for donations consistently and in accordance with United Nations regulations and rules and that any deviations from the regulations be properly recorded and justified at the point of receipt of the pledge	To ensure consistency in the recording of funding agreements, the Co-financing and Partnership Section and the Financial Resources Management Service have agreed to implement an internal procedure whereby such agreements are recorded based upon clearance by the Co-financing and Partnership Section and acceptance by the Financial Resources Management Service	Recommendation is partially implemented A review of income has confirmed an improvement in the audit trail An update of the UNODC Programme and Operations Manual has been drafted, stating that legal clearance is not required for contracts with standard terms and conditions. However, final approval of the update has been pending for more than one year

Item	Financial period first made	Summary of recommendation	Action taken by UNODC	Comments of the Board
			Also, in preparation for the implementation of IPSAS and Umoja, changes are being made to the system to ensure consistent recording of all funding sources	
3	2010-2011,[c] para. 39	UNODC to circulate to all staff improved guidance and instructions on income, including the clearance process, to remind them of the criterion for recognizing income	Consultations have been held among the Co-financing and Partnership Section, the Financial Resources Management Service and legal experts. The Co-financing and Partnership Section will prepare a final consolidated version that will be sent to the Financial Resources Management Service and the legal experts for final clearance	Recommendation is partially implemented An update of the UNODC Programme and Operations Manual has been drafted, stating that legal clearance is not required for contracts with standard terms and conditions. However, final approval of the update has been pending for more than one year
4	2010-2011,[c] para. 72	UNODC to: (a) discuss with United Nations Headquarters whether adequate resource allocations and funding will be made available to UNODC; and (b) revise its local IPSAS implementation plan in the light of progress to date	One staff member is on board and a second is under recruitment The project management tool and implementation plan are updated on a monthly basis Future funding will be dealt with through programme support cost funds or from United Nations Headquarters	Recommendation is partially implemented Additional funding has been approved by United Nations Headquarters for IPSAS implementation. The funds are, however, currently frozen and therefore not yet being used for that purpose

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
5	2010-2011,[c] para. 79	When each strategic document is updated, UNODC to ensure that it clearly aligns: (a) the aims and objectives set out in the documents; and (b) the timing of preparation of future strategies and supporting documents, including the thematic programmes	UNODC had introduced standard indicators for each of its thematic areas to ensure clearer alignment with its strategic framework	Recommendation is partially implemented The Board reviewed a sample of the standard indicator documents. While it found that there was now a much greater degree of alignment, it also identified a small number of strategic framework indicators that nad not been included in the standard indicators. UNODC has agreed to review the standard indicators and to address any other gaps
6	2010-2011,[c] para. 87	When updating each of its regional programmes, UNODC to: (a) specify a realistic and achievable set of priorities for the period of each programme; (b) establish robust, realistic and measurable performance indicators; (c) identify a manageable number of key performance indicators balanced between outcome and output indicators; and (d) clearly link individual project performance indicators to the indicators set out in its strategic framework so as to allow the aggregation of the indicators and provide senior management with a clear assessment of progress against its strategic objectives	UNODC has introduced a number of changes, in terms of both guidance and approval processes, designed to place greater emphasis on the various points raised in the recommendation	Recommendation is partially implemented Not all of the regional programmes have been updated and, in its review of four regional programmes (South-East Asia, South Asia, Caribbean and Southern Africa), the Board found that while there had been some improvement, two of the four programmes contained more than 40 indicators (45 and 60 indicators). The Board noted there was no obvious relationship between the number of indicators and programme funding, duration or scale (number of countries), and that some of the measures would rely significantly on the provision of information by the participating countries

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
7	2010-2011,[c] para. 90	UNODC to establish, by December 2012, a mechanism for reporting, both internally and to external stakeholders, progress on the implementation of the regional programmes	UNODC has developed a new reporting mechanism for its regional programmes, and UNODC headquarters received the first series of reports from regional programme managers in March 2013	Recommendation is partially implemented The reports are yet to be considered by UNODC senior management and circulated to donors and other stakeholders
8	2010-2011,[c] para. 93	By September 2012, UNODC to ensure that all new project proposals: (a) clearly and succinctly define the problem that a project is intended to address; (b) establish a clear baseline against which to assess delivery, or provide a clear explanation of how the baseline will be established; and (c) identify and document the material risks and mitigating actions, including setting aside an element of contingency within project budgets, to address unknown risks	During the biennium, UNODC revised its project proposal document template and the associated guidelines in order to address the points raised in the recommendation	Recommendation is partially implemented Based on the Board's review of a sample of three projects, elements (a) and (b) are fully implemented. Element (c) is partially implemented: risks are identified, but only those over which UNODC has no control and no contingency are included in project budgets. The Board remains of the view that this is unrealistic and also may result in unrealistic expectations on the part of donors. It may be possible to agree with donors that an element of contingency be included and, if not required, returned or committed to the project. This could also serve as an additional accountability mechanism in the use of donor funds
9	2010-2011,[c] para. 96	By December 2012, UNODC to: (a) capture summary progress information on projects and programmes, against milestones agreed at the beginning of the project or programme as part of its central monitoring process; and (b) monitor spend against a realistic forward profile of expected expenditure	UNODC introduced a new programme reporting mechanism during the biennium, intended to provide a clearer summary of progress to management and other stakeholders	Recommendation is partially implemented The Board found that summary progress against key outcomes and indicators is captured at the project level but is not done at the programme level. It also found that while new project documents contain budget profiles, headquarters monitoring is not undertaken against

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
				the profile and that UNODC headquarters continues to use a straight-line profile (implementation rate) for monitoring. This leads to the risk of headquarters staff seeking and project managers providing explanations for variances that do not exist
10	2010-2011,[c] para. 105	UNODC to: (a) establish a detailed methodology for evaluating the regional programme for East Asia and the Pacific; (b) use the experience to inform the methodology for the remaining regional programmes; and (c) complete the evaluations in time to inform future regional programme development	The evaluation of the regional programme for East Asia and the Pacific was completed and presented to UNODC governing bodies in 2013. The evaluations of a small number of other programmes have been scheduled	Recommendation is partially implemented While UNODC has established a methodology for evaluating its regional programmes, the Board found that only one programme had been evaluated, with one other evaluation under way (Afghanistan and neighbouring countries). The Board also noted that a number of regional programmes have been extended. If regional programmes are extended or revised without having been evaluated, there is a risk that poor management or poor value for money interventions could continue
11	2010-2011,[c] para. 111	In 2012, UNODC to: (a) determine how best to regularly collate and analyse project evaluation reports in order to identify and disseminate lessons or recurring problems; (b) allocate responsibility for implementing any necessary improvements to the relevant sections; and (c) determine the most effective and efficient way to coordinate and manage budgets for evaluations	UNODC was in the process of finalizing an evaluation portal which includes a search function for evaluation reports, recommendations and lessons learned. UNODC was also finalizing an aggregated analysis of evaluations, for discussion with senior management. UNODC had also introduced an automated system for issuing recommendations to relevant managers	Recommendation is partially implemented

Table A.3
Recommendation not implemented the United Nations Office on Drugs and Crime

Financial period first made	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
2010-2011,[c] para. 100	By mid-2012, UNODC to: (a) coordinate the computer application improvement projects being undertaken by the Finance Section, the Strategic Planning Unit and the Independent Evaluation Unit; and (b) implement the changes necessary to address the performance reporting limitations in its information technology systems, taking account of current developments in those sections and of the dashboard tool of the Regional Centre for East Asia and the Pacific and the management reporting system of the Country Office for Pakistan	UNODC is committed to establishing a cross-divisional team to coordinate and implement the information technology improvement projects. In the interim, it will continue to use existing communications, including through its intranet, to develop and coordinate activities. Various changes have been made to systems but these have not always included all of the relevant staff. In some cases, the changes have been developed but not adopted	Recommendation has not been implemented The prioritization of system enhancements is not coordinated. Following discussions with heads of services in UNODC, the Board modifies its recommendation, as follows: **The Board recommends that UNODC establish a steering group, with one representative from each Division and the Information Technology Service, to prioritize system enhancements and coordinate input to the development and implementation of system enhancements from each of its divisions**

Table A.4
Recommendations closed (and in some cases replaced by new recommendations)

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
1	2008-2009,[b] para. 32	UNODC to draw up an analysis of its needs and the risks posed by the migration and necessary update of its information technology systems, PeopleSoft, ProFi and FOML, during implementation of the new United Nations enterprise resource planning system	Pending the promulgation of Umoja migration policies, UNODC is engaged in the normal cleansing exercises forecast in IPSAS but also benefiting from Umoja	Recommendation is superseded The recommendations on non-expendable property contained in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
2	2008-2009,[b] para. 117	UNODC to draw up and implement formalized and traceable internal control procedures to guarantee the reliability of information given on the total value of property in service at the end of the period	Implementation is ongoing. A draft inventory management policy is being reviewed in the light of the current physical inventory reconciliation with the asset register maintained by the United Nations Office at Vienna and the UNODC General Support Section. Changes that must be made to the asset register have been identified. The implementation of such changes will enable easier verification of asset value. Additional requirements for IPSAS preparation and implementation also have to be added	Recommendation is superseded The recommendations on non-expendable property in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area
3	2008-2009,[b] para. 118	UNODC to implement an inventory process that is in compliance with the expectations of the controlling bodies and compliant with administrative instruction ST/AI/2003/5	Upon approval of the inventory management policy, record-keeping will be aligned with the new policy	Recommendation is superseded The recommendations on non-expendable property in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area
4	2010-2011,[c] para. 53	UNODC to: (a) fully cleanse its non-expendable property asset registers; (b) list all separately identifiable assets on the register; (c) include in handover documents the roles and responsibilities of UNODC and the beneficiary; (d) update the field office inventory record to reflect the instances where inventory has been written off by the Property Survey Board; and (e) attach handover documents to the field office inventory record	The asset register cleansing process at UNODC headquarters is still ongoing due to the large volume of assets that need to be disposed of Physical verification exercise in field offices was performed in 2012 and in 2013. Cleansing and reconciliation of the asset register are in progress. The field office fixed asset register (formerly, field office inventory) system changes, to link the Property Survey Board application and to enable attachment, have been implemented	Recommendation is superseded The recommendations on non-expendable property in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area

Item	*Financial period first made*	*Summary of recommendation*	*Action taken by UNODC*	*Comments of the Board*
5	2010-2011,[c] para. 57	UNODC to: (a) enhance the field office inventory database so as to capture the costs directly attributable to bringing assets into use; and (b) cleanse the field office inventory data so that the purchase cost and other costs, such as delivery and handling, are captured for existing assets	Implementation of the recommendation is in progress. With regard to recommendation (a), the field office fixed asset register (formerly, field office inventory) has been enhanced to reflect direct costs related to shipping and insurance. These enhancements were to be implemented in the second quarter of 2013 With regard to recommendation (b), please refer to the comments on the verification and cleansing exercise (item 4 above) and the comments in table A.1, item 6, above	Recommendation is superseded The recommendations on non-expendable property in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area
6	2010-2011,[c] para. 59	UNODC to: (a) cleanse and update the inventory registers to include all relevant information, such as serial and model numbers; and (b) tag assets without unique reference numbers, such as furniture, with a field office inventory reference number	Assets were tagged during physical inventory in December 2012 and January 2013 (see also item 4 above, concerning inventory register updates)	Recommendation is superseded The recommendations on non-expendable property in chapter II of the present report address the current outstanding issues Audit work on the IPSAS opening balances will revisit this area

[a] Two of the recommendations of the Board for the biennium 2010-2011 were directed to the United Nations Office at Vienna and are not included in the analysis. The two recommendations related to procurement and both have been implemented.
[b] See A/65/5/Add.9, chap. II.
[c] See A/67/5/Add.9 and Corr.1, chap. II.

Annex II

Information on projects reviewed

Item	*Project code*	*Project title or description*	*Number of revisions to the project*	*Overall budget at start (thousands of US dollars)*	*Overall budget at time of audit (thousands of US dollars)*	*Change in overall budget (thousands of US dollars)*	*Approved budget (thousands of US dollars)*	*Original planned duration (months)*	*Current planned duration (months)*	*Total extension (months)*
1	GLOS83	Global Initiative to Fight Human Trafficking	9	15 800	14 600	-1 200	14 301	24	93	69
2	GLOU40	Global Programme Against Money-Laundering, Proceeds of Crime and the Financing of Terrorism	10	5 200	27 500	22 300	23 103	25	92	67
2	GLOG80	Container Control Programme	12	2 900	45 300	42 400	39 280	29	148	119
4	GLOK32	UNODC/World Health Organization programme on drug dependence and health	3	12 000	12 000	0	10 174	58	60	2
5	GLOG32	HIV/AIDS prevention, treatment, care and support for people who use drugs and for people in prison	8	36 500	70 500	34 000	61 653	128	164	36
6	GLOJ71	Treating drug dependence and its health consequences — Organization of the Petroleum Exporting Countries Fund for International Development (OFID)/UNODC joint programme to prevent HIV/AIDS through treatment Phase 2	12	1 100	25 000	23 900	20 503	25	95	70
7	BRAK07	Strengthening the capacity of the Regional Office to support the implementation of the programme portfolio	4	1 000	3 500	2 500	2 460	12	77	65
8	BRAX16	Expressive Youth: citizenship, access to justice and culture of peace	1	1 227	1 075	-152	975	36	46	10
9	BRAK57	Improving management, surveillance, prevention and control of sexually transmitted diseases, AIDS and viral hepatitis among drug users, sex workers, the prison population and people living with HIV/AIDS	0	32 305	32 305	0	32 293	36	36	0
10	BRAX66	Strengthening the National Secretariat of Justice in international legal cooperation, extradition and combating money-laundering	0	3 350	3 350	0	3 346	33	33	0
11	BRAT83	Security with citizenship: preventing violence and strengthening citizenship with a focus on children, adolescents and youths in vulnerable conditions in Brazilian communities	1	1 071	917	-154	797	36	43	7
12	RERF60	Computer-based training in Central Asia	4	1 293	1 787	494	1 707	24	96	72
13	RERH22	Establishment of a Central Asian regional information and coordination centre	3	6 510	15 400	8 890	12 167	48	135	87

Item	*Project code*	*Project title or description*	*Number of revisions to the project*	*Overall budget at start (thousands of US dollars)*	*Overall budget at time of audit (thousands of US dollars)*	*Change in overall budget (thousands of US dollars)*	*Approved budget (thousands of US dollars)*	*Original planned duration (months)*	*Current planned duration (months)*	*Total extension (months)*
14	KAZK25	Support of national drug abuse prevention measures in Kazakhstan	1	100	150	50	147	12	31	20
15	XACI97	Counter-narcotics training of Afghan, Central Asian and Pakistani law enforcement personnel	6	927	8 775	7 848	5 673	24	113	89
16	UZBK23	Standardization and sustainability in the handling and presentation of data in Central Asia	0	591	591	0	134	17	17	0
17	XACX44	Strengthening the capacity of the Central Asian republics to protect and assist victims of human trafficking and smuggled migrants, especially women and children, in partnership with non-governmental organizations and civil society actors	1	1 245	1 206	-39	1 184	24	29	5
18	TAJH03	Tajikistan drug control agency, phase II	5	4 114	16 605	12 491	15 233	29	161	132
		Total		**127 233**	**280 561**	**153 328**	**245 130**		**Average**	**47**

Source: United Nations Office on Drugs and Crime (UNODC).

Chapter III
Certification of the financial statements

Letter dated 5 June 2014 from the Executive Director of the United Nations Office on Drugs and Crime addressed to the Chair of the Board of Auditors

The consolidated financial statements of the United Nations Office on Drugs and Crime (UNODC), which include the accounts of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme, for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10 and article VII of the Financial Regulations and Rules of the United Nations.

In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme and for submitting these accounts and related consolidated financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Assembly.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information on and clarification of the financial activities undertaken by UNODC during the period covered by these statements.

I certify that the appended financial statements of UNODC are correct on the basis of our records and reports from executing agencies.

(*Signed*) Yury **Fedotov**
Executive Director
United Nations Office on Drugs and Crime

Chapter IV
Financial report for the biennium ended 31 December 2013

A. Introduction

1. The financial statements of the Fund of the United Nations International Drug Control Programme, established pursuant to General Assembly resolution 45/179, and the United Nations Crime Prevention and Criminal Justice Fund, established pursuant to Assembly resolution 46/152, for the biennium ended 31 December 2013 have been prepared in accordance with rule 106.10 and article VII of the Financial Regulations and Rules of the United Nations.

2. In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the Funds and for submitting these accounts and related financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Assembly.

3. The financial statements for the biennium ended 31 December 2013 present a consolidated account of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund, as well as separate accounts for each. A summary of significant accounting policies applied in the preparation of these statements are included as notes to the financial statements. These notes and the accompanying schedules provide additional information and clarification of the activities undertaken by UNODC during the period covered by these statements.

4. Copies of these statements are made available to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice, the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors and the United Nations Controller.

5. Regular budget resources for UNODC are approved by the General Assembly in sections 16 and 23 of the programme budget of the United Nations. Those resources will be included in the financial report and audited financial statements of the United Nations for the biennium ended 31 December 2013 (A/69/5 (Vol. I)). To present a consolidated picture of UNODC resources, information on regular budget resources for UNODC is included in the present financial report, even though the regular budget is not part of the financial statements.

B. Overview

Challenges and changes, 2012-2013 and beyond

6. The financial situation of UNODC remained vulnerable. While special-purpose income showed phenomenal growth ($109.2 million, or 19.2 per cent, from 2010-2011 to 2012-2013 alone), the level of contributions to general-purpose income continued to deteriorate. During the biennium 2012-2013, general-purpose income dropped by 26.8 per cent to $20.0 million. These trends put a chronic strain on management, support and oversight functions.

7. In response to the decline in general-purpose funds, UNODC took decisive cost-containment measures. Notwithstanding the measures taken, 2012-2013 was the first biennium in which UNODC operated at a net loss, with general-purpose expenditure reaching $21.2 million. In addition, UNODC continued in 2012-2013 its prudent approach to the management of programme support cost funds by keeping the level of expenditure lower than that of income (22 per cent in 2012-2013) in order to ensure the building-up of a prudent set of fund reserves.

8. Against this background, UNODC reviewed its funding model, costing methodologies and fund-sourcing options, which confirmed that a longer-term and sustainable funding model linking core functions to a system of direct cost recovery was warranted. In line with prevailing Secretariat-wide policies and the need to align use of the funds with their intended purpose, the consolidated budget for the biennium 2014-2015 reflects a gradual transition to full cost recovery, with full implementation planned in the subsequent biennium. Implementation of direct costing and full cost-recovery policies requires the gradual shifting of direct costs of technical assistance, including costs of all direct programme and related management and office costs in the field, away from general-purpose and programme support cost funds into special-purpose funds, as part of project and programme budgets.

International Public Sector Accounting Standards

9. Pursuant to General Assembly resolution 60/283, in which the Assembly approved the adoption of the International Public Sector Accounting Standards (IPSAS) for the presentation of the financial statements of the United Nations, including UNODC, and in conformity with the Secretary-General's most recent progress report on the adoption of IPSAS by the United Nations (A/68/351), UNODC is working to enable its adoption of IPSAS and the issuance of IPSAS-compliant financial statements beginning in 2014.

10. In this connection, UNODC is currently undertaking the following activities: (a) preparation of IPSAS-compliant opening balances for 1 January 2014 and their reconciliation with the accounts published in accordance with the United Nations system accounting standards; (b) training of staff and other change management initiatives; and (c) playing an active role in the system-wide IPSAS Steering Committee.

11. The adoption of IPSAS will materially change the presentation and, potentially, the timing of the financial statements of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund and will enhance transparency and cross comparison with other international organizations, Governments and other entities that use international standards.

After-service health insurance

12. Attention is drawn to note 7 to the financial statements, explaining the liabilities arising from end-of-service and post-retirement-benefit obligations of the funds of the drug control and crime prevention programmes.

13. On the basis of note 7 and recent actuarial valuation, the present value of the accrued liability as at 31 December 2013 was estimated at $23,980,338 for the Fund

of the United Nations International Drug Control Programme and $19,889,958 for the United Nations Crime Prevention and Criminal Justice Fund, compared with an estimated liability of $29,889,132 and $12,343,496, respectively, as at 31 December 2011.

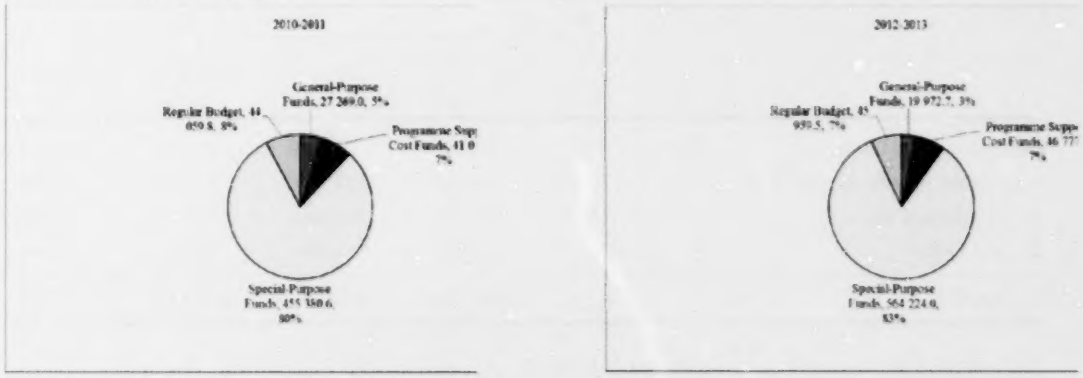
14. As of December 2012, following the recommendation of the Board of Auditors and with guidance from the United Nations Controller, UNODC started fully expensing within all funding sources the present value of future commitments with regard to employee after-service health insurance. The accrued liabilities, totalling $43.9 million in 2013 ($42.2 million in 2011), have been temporarily disclosed as offsets to fund reserves (see note 7 to the financial statements).

Income and expenditure by source of funding

15. The consolidated resources of UNODC showed extraordinary growth in the biennium 2012-2013, as can be seen in figure IV.I and table IV.1, with a total increase in extrabudgetary resources of 20.5 per cent and an increase of 4.3 per cent from the regular budget.

16. The increased level of total income in extrabudgetary funds in the biennium 2012-2013 shows a continually strong level of donor confidence in the programmatic direction of UNODC and its capacity to deliver technical cooperation activities. The United Nations Crime Prevention and Criminal Justice Fund had an extrabudgetary income increase of 16.7 per cent (an additional $39.6 million), and the Fund of the United Nations International Drug Control Programme had an increase of 23.6 per cent, or $67.6 million.

Figure IV.I
Income of the United Nations Office on Drugs and Crime, by source of funding
(Thousands of United States dollars)



17. Programme delivery by UNODC for the biennium showed that expenditure reached $221.1 million (an increase of 28.7 per cent) for the United Nations Crime Prevention and Criminal Justice Fund, mainly as a result of increased delivery in the area of transnational organized crime and research (the latter reflecting increased delivery by the United Nations Interregional Crime and Justice Research Institute (UNICRI)). The biennium also showed that delivery in the Fund of the United Nations International Drug Control Programme decreased by 8 per cent to $256.2 million, mainly as a result of decreased delivery in the area of health.

Table IV.1
Income and expenditure, by source of funding
(Thousands of United States dollars)

	Biennium			
	2010-2011		*2012-2013*	
	Income	*Expenditure*	*Income*	*Expenditure*
Fund of the United Nations International Drug Control Programme	313 251	305 079	380 764	282 744
United Nations Crime Prevention and Criminal Justice Fund	257 474	189 127	296 169	240 512
Total	**567 726**	**494 206**	**676 933**	**523 256**

18. Statements I and II and schedules A, C and H of the financial statements summarize the consolidated results of activities funded from the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund, which account for all UNODC activities other than those funded by the United Nations, primarily from its regular budget.

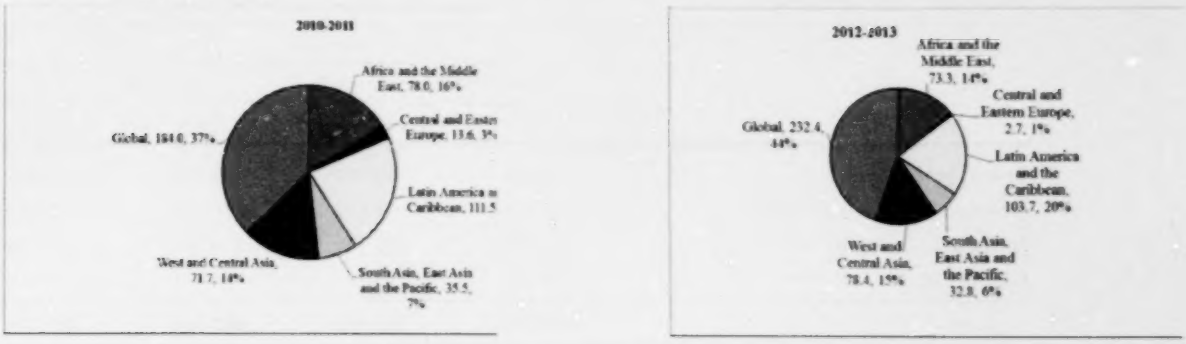
19. Total general-purpose income decreased by 26.8 per cent, from $27.3 million for the biennium 2010-2011 to $20.0 million for 2012-2013 (see table IV.2). The expenditure of $21.2 million for the biennium 2012-2013 reflects a slight increase of 1.3 per cent compared with $20.9 million for 2010-2011.

Table IV.2
Income and expenditure, by source of funding
(Thousands of United States dollars)

	Biennium			
	2010-2011		*2012-2013*	
	Income	*Expenditure*	*Income*	*Expenditure*
General-purpose funds	27 269	20 943	19 973	21 223
Programme support cost funds	41 016	30 799	46 777	36 408
Special-purpose funds	455 381	398 404	564 224	419 666
Regular budget	44 060	44 060	45 959	45 959
Total	**567 726**	**494 206**	**676 933**	**523 256**

20. Within the context of a stable total level of special-purpose expenditure, the level of expenditure shows growth in West and Central Asia and in global programmes. Expenditure changes from 2010-2011 to 2012-2013 are shown in figure IV.II.

Figure IV.II
Expenditure of the United Nations Office on Drugs and Crime, by region
(Thousands of United States dollars)


2010-2011
Africa and the Middle East, 78.0, 16%
Central and Eastern Europe, 13.6, 3%
Latin America and Caribbean, 111.5
South Asia, East Asia and the Pacific, 35.5, 7%
West and Central Asia, 71.7, 14%
Global, 184.0, 37%
2012-2013
Africa and the Middle East, 73.3, 14%
Central and Eastern Europe, 2.7, 1%
Latin America and the Caribbean, 103.7, 20%
South Asia, East Asia and the Pacific, 32.8, 6%
West and Central Asia, 78.4, 15%
Global, 232.4, 44%

21. The distribution of expenditure for the bienniums 2010-2011 and 2012-2013 across broad categories is shown in table IV.3.

Table IV.3
Expenditure of the United Nations Office on Drugs and Crime, by object of expenditure
(Thousands of United States dollars)

	Biennium	
	2010-2011	*2012-2013*
Staff and other personnel costs	236 908	268 474
Travel	26 054	28 952
Contractual services	114 342	90 318
Operating expenses	35 857	31 018
Acquisitions	32 981	38 228
Other	46 399	65 368
Programme support costs — implementing partners	1 665	898
Total	**494 206**	**523 256**

Fund of the United Nations International Drug Control Programme

22. Schedule A of the accounts summarizes the results of the Fund of the United Nations International Drug Control Programme. The corresponding notes explain the accounting policies applied in the preparation of the statements and provide additional information and clarification regarding the financial activities undertaken during the biennium 2012-2013. The financial performance of the Fund is summarized in table IV.4.

Table IV.4
Income and expenditure of the Fund of the United Nations International Drug Control Programme
(Thousands of United States dollars)

	Biennium			
	2010-2011		*2012-2013*	
	Income	*Expenditure*	*Income*	*Expenditure*
General-purpose funds	21 233	16 691	11 634	12 314
Programme support cost funds	25 828	21 880	26 150	15 825
Special-purpose funds	239 446	239 765	316 403	228 028
Regular budget	26 744	26 744	26 577	26 577
Total	**313 251**	**305 080**	**380 764**	**282 744**

23. General-purpose income, comprising voluntary contributions, interest and miscellany, decreased by $9.6 million (45.2 per cent), from $21.2 million in 2010-2011 to $11.6 million in 2012-2013.

24. Programme support income increased slightly by 1.2 per cent ($0.3 million), from $25.8 million in 2010-2011 to $26.1 million in 2012-2013.

25. Special-purpose funds income increased by $77.0 million (32.1 per cent), from $239.4 million in 2010-2011 to $316.4 million in 2012-2013.

United Nations Crime Prevention and Criminal Justice Fund

26. Schedule B of the accounts summarizes the results of the United Nations Crime Prevention and Criminal Justice Fund. The corresponding notes explain the accounting policies applied in the preparation of these statements and provide additional information and clarification of the financial activities undertaken during the biennium 2012-2013. The financial performance of the Fund is summarized in table IV.5.

Table IV.5
Income and expenditure of the United Nations Crime Prevention and Criminal Justice Fund
(Thousands of United States dollars)

	Biennium			
	2010-2011		*2012-2013*	
	Income	*Expenditure*	*Income*	*Expenditure*
General-purpose funds	6 036	4 251	8 338	8 909
Programme support cost funds	15 188	8 919	20 627	20 583
Special-purpose funds	215 935	158 642	247 822	191 638
Regular budget	17 315	17 315	19 382	19 382
Total	**254 474**	**189 127**	**296 169**	**240 512**

27. General-purpose income increased by 38.1 per cent, from $6.0 million in 2010-2011 to $8.3 million in 2012-2013. Programme support income increased by $5.4 million (35.8 per cent), from $15.2 million in 2010-2011 to $20.6 million in 2012-2013, owing to the increased level of expenditure under special-purpose funds. The significant increase in programme support expenditure, which reached $20.6 million (a 131 per cent increase from 2010-2011), was due to a shift of expenditure from the Fund of the United Nations International Drug Control Programme.

28. Special-purpose income increased by $31.8 million (14.8 per cent), from $215.9 million in 2010-2011 to $247.8 million in 2012-2013, while special-purpose expenditure increased by $33.0 million (21 per cent), from $158.6 million in 2010-2011 to $191.6 million in 2012-2013.

Chapter V
Financial statements for the biennium ended 31 December 2013

United Nations Office on Drugs and Crime

I. Statement of consolidated income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	*2012-2013*	*2010-2011*
Income			
Regular budget allocation	Note 3	45 959	44 060
Voluntary contributions	Schedules E, F, G	597 236	484 341
Funds received under inter-organizational arrangements	Schedules E, F, G	24 939	28 788
Other/miscellaneous income			
Interest income		6 964	8 433
Miscellaneous income		1 835	2 104
Total income		**676 933**	**567 726**
Expenditure			
Staff and other personnel costs	Schedule H	268 474	236 908
Travel		28 952	26 054
Contractual services		90 318	114 342
Operating expenses		31 018	35 857
Acquisitions		38 228	32 981
Other		65 368	46 399
Programme support costs — implementing partners		898	1 665
Total direct expenditure		**523 256**	**494 206**
Excess (shortfall) of income over expenditure		**153 677**	**73 520**
Prior-period adjustments	Note 4	(11 128)	(8 100)
Net changes in provisions and reserves		182	(804)
Net excess (shortfall) of income over expenditure		**142 731**	**64 616**
Transfers from/(to) other funds	Schedules A, C	106	1 497
Refunds to donors		(18 539)	(3 893)
Other adjustments to reserves and fund balances		5 056	(15 818)
Reserves and fund balances, beginning of period		345 735	299 333
Other reserves and fund balances, end of period		**475 089**	**345 735**

The accompanying notes and schedules are an integral part of the financial statements.

United Nations Office on Drugs and Crime

II. Statement of consolidated assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Assets			
Cash and term deposits	Statement III	25 822	49 365
Investments in offices away from Headquarters cash pool	Note 6	425 452	298 442
Accounts receivable			
Voluntary contributions receivable		132 734	134 714
Inter-fund balances receivable		37 681	187 297
Advances to implementing partners	Note 5	30 072	11 640
Other receivables		2 021	1 798
Other assets		827	1 044
Total assets		**654 609**	**684 300**
Liabilities			
Unliquidated obligations — current period		16 870	16 859
Unliquidated obligations — future periods		228	413
Accounts payable			
Inter-fund balances payable		35 832	184 641
Advances due to implementing partners	Note 5	425	1 391
Other payable		10 979	3 878
Deferred income	Schedules E, F, G	71 310	87 855
End-of-service and post-retirement liabilities	Note 7	43 879	42 232
Total liabilities		**179 514**	**337 269**
Reserves and fund balances			
Reserves for allocations	Schedules B, D	6	1 297
Other reserves and fund balances	Note 8	475 089	345 735
Total reserves and fund balances		**475 095**	**347 032**
Total liabilities and reserves and fund balances		**654 609**	**684 301**

The accompanying notes and schedules are an integral part of the financial statements.

United Nations Office on Drugs and Crime

III. Statement of consolidated cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Cash flows from operating activities		
Excess (shortfall) of income over expenditure	153 677	73 520
(Increase)/decrease in voluntary contributions receivable	1 980	(6 394)
(Increase)/decrease in inter-fund balances receivable	149 616	(84 062)
(Increase)/decrease in advances to implementing partners	(18 432)	(394)
(Increase)/decrease in other receivables	(223)	(8)
(Increase)/decrease in other assets	218	1 493
Increase/(decrease) in unliquidated obligations — current period	11	936
Increase/(decrease) in unliquidated obligations — future periods	(185)	(1 638)
Increase/(decrease) in inter-fund balances payable	(148 809)	80 461
Increase/(decrease) in advances due to implementing partners	(966)	73
Increase/(decrease) in other payables	7 101	2 468
Increase/(decrease) in deferred income	(16 545)	15 042
Increase/(decrease) in end-of-service and post-retirement liabilities	1 638	17 563
Net cash flows from operating activities	**129 081**	**99 060**
Cash flows from investing activities		
(Increase)/decrease in investments in offices away from Headquarters cash pool	(127 010)	(52 618)
Net cash flows from investing activities	**(127 010)**	**(52 618)**
Cash flows from financing activities		
Net changes in provisions	182	(804)
Transfers from/(to) other funds	106	1 497
Refunds to donors	(18 539)	(3 893)
Other adjustments in reserves and fund balances	(6 072)	(24 249)
Changes in reserves for allocations	(1 291)	804
Net cash flows from financing activities	**(25 614)**	**(26 645)**
Net increase/(decrease) in cash	**(23 543)**	**19 797**
Cash and term deposits, beginning of period	49 365	29 568
Cash and term deposits, end of period	**25 822**	**49 365**

The accompanying notes and schedules are an integral part of the financial statements.

Schedules

Schedule A
United Nations International Drug Control Programme

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Income								
Regular budget allocation	Note 3	26 577					26 577	26 744
Voluntary contributions	Schedule F		11 219	322 097			333 316	260 874
Funds received under inter-organizational arrangements	Schedule F			16 529			16 529	20 650
Other/miscellaneous income								
Programme support income					25 939	(25 939)		
Interest income			303	3 699	123		4 125	4 497
Miscellaneous income[a]			112	17	88		217	486
Total income		**26 577**	**11 634**	**342 342**	**26 150**	**(25 939)**	**380 764**	**313 251**
Expenditure								
Staff and other personnel costs	Schedule H	23 335	11 598	90 413	13 771		139 117	143 496
Travel		1 636	356	14 257	379		16 628	15 016
Contractual services		739	118	65 038	146		66 041	84 828
Operating expenses[b]		473	47	16 101	807		17 428	19 945
Acquisitions		270	193	16 286	598		17 347	20 671
Other		124	2	25 691	124		25 941	20 404
Programme support costs — implementing partners				242			242	720
Total direct expenditure		**26 577**	**12 314**	**228 028**	**15 825**		**282 744**	**305 080**
Programme support costs — UNODC				25 939		(25 939)		
Total expenditure		**26 577**	**12 314**	**253 967**	**15 825**	**(25 939)**	**282 744**	**305 080**
Excess/(shortfall) of income over expenditure		**(680)**	**88 375**	**10 325**			**98 020**	**8 173**

Schedule A
United Nations International Drug Control Programme (continued)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Prior-period adjustments	Notes 4, 8		(29)	(5 864)	(863)		(6 756)	(6 016)
Net changes in provisions and reserves				75			75	379
Net excess/(shortfall) of income over expenditure		**(709)**	**82 586**	**9 462**			**91 339**	**2 536**
Transfers from/(to) other funds[c]			1 338	3 348	(4 589)		97	(5 829)
Refunds to donors				(4 826)			(4 826)	(1 846)
Other adjustments to reserves and fund balances			3 433		5 519		8 952	(11 961)
Reserves and fund balances, beginning of period			10 801	142 173	9 151		162 125	179 225
Reserves and fund balances, end of period		**14 863**	**223 281**	**19 543**			**257 687**	**162 125**

[a] Includes $0.164 million savings on cancellation of prior-period obligations, $0.001 million of exchange gains and $0.052 million income for miscellaneous items.
[b] Includes exchange losses of $2.887 million.
[c] Includes $1.393 million transfer of interest income from special-purpose to general-purpose funds.

Schedule B
United Nations International Drug Control Programme

Statement of assets, liabilities and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Assets								
Cash and term deposits[a]			4 121	19 998			24 119	48 824
Investments in offices away from Headquarters cash pool[b]			10 536	200 109	19 271		229 916	111 726
Accounts receivable								
Voluntary contributions receivable	Schedule F		5	60 095			60 100	68 423
Inter-fund balances receivable		528	15 840		5 876		22 244	41 300
Advances to implementing partners				18 334			18 334	7 931
Other receivables			94	1 307	16		1 417	1 459
Other assets[c]			65	219	11		295	711
Total assets		**528**	**30 661**	**300 062**	**25 174**		**356 425**	**280 374**
Liabilities								
Unliquidated obligations — current period		528	190	2 652	373		3 743	5 087
Unliquidated obligations — future periods				26			26	310
Accounts payable								
Inter-fund balances payable				27 166			27 166	38 601
Advances due to implementing partners				313			313	1 391
Other payables			1 739	3 623	338		5 700	2 485
Deferred income	Schedule F			37 805			37 805	40 407
End-of-service and post-retirement liabilities[d]	Note 7		13 869	5 191	4 920		23 980	29 889
Total liabilities		**528**	**15 798**	**76 776**	**5 631**		**98 733**	**118 170**

Schedule B
United Nations International Drug Control Programme (continued)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Reserves and fund balances								
Reserves for allocations				5			5	79
Fund balances			14 863	223 281	19 543		257 687	162 125
Total reserves and fund balances			**14 863**	**223 286**	**19 543**		**257 692**	**162 204**
Total liabilities, reserves and fund balances		**528**	**30 661**	**300 062**	**25 174**		**356 425**	**280 374**

[a] Represents interest-bearing bank deposits of $1.087 million in UNODC headquarters bank accounts, interest-bearing deposits of $19.941 million in UNODC field office local bank accounts, an imprest account of $0.005 million maintained by the Economic and Social Commission for Asia and the Pacific, imprest accounts and petty cash in UNODC field offices of $0.052, and cash in transit of $3.034 million.

[b] Represents the share of the United Nations International Drug Control Programme in the United Nations offices away from Headquarters cash pools. The share of the United States dollar offices away from Headquarters cash pool comprises cash and term deposits of $47.517 million, short-term investments of $90.603 million, long-term investments of $88.915 million and accrued interest receivable of $0.312 million. The share of the euro offices away from Headquarters cash pool comprises cash and term deposits of $0.985 million (€0.714 million), short-term investments of $0.773 million (€0.561 million), long-term investments of $0.795 million (€0.576 million) and accrued interest receivable of $0.016 million (€0.012 million).

[c] Includes $0.026 million deferred charges for commitments against future financial periods and $0.268 million deferred charges for education grant advances.

[d] Represents end-of-service liabilities of $7.079 million (including $6.202 million funded repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $16.901 million (including $2.038 million funded after-service health insurance accruals) as at 31 December 2013.

Schedule C
United Nations Crime Prevention and Criminal Justice Programme

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Income								
Regular budget allocation	Note 3	19 382					19 382	17 315
Voluntary contributions	Schedule G		8 200	255 720			263 920	223 467
Funds received under inter-organizational arrangements	Schedule G			8 410			8 410	8 138
Other/miscellaneous income								
Programme support income				22	20 494	(20 516)		
Interest income			38	2 683	118		2 839	3 936
Miscellaneous income[a]			100	1 503	15		1 618	1 618
Total income		**19 382**	**8 338**	**268 338**	**20 627**	**(20 516)**	**296 169**	**254 474**
Expenditure								
Staff and other personnel costs	Schedule H	18 105	8 810	84 647	17 795		129 357	93 412
Travel		500	47	11 335	442		12 324	11 038
Contractual services		336		23 657	284		24 277	29 514
Operating expenses[b]		203	52	12 012	1 323		13 590	15 912
Acquisitions		154		20 396	331		20 881	12 310
Other		84		38 935	408		39 427	25 996
Programme support costs — implementing partners				656			656	945
Total direct expenditure		**19 382**	**8 909**	**191 638**	**20 583**		**240 512**	**189 127**
Programme support costs — UNODC				20 516		(20 516)		
Total expenditure		**19 382**	**8 909**	**212 154**	**20 583**	**(20 516)**	**240 512**	**189 127**
Net excess/(shortfall) of income over expenditure			**(571)**	**56 184**	**44**		**55 657**	**65 347**

Schedule C
United Nations Crime Prevention and Criminal Justice Programme (continued)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Prior-period adjustments	Notes 4, 8		428	(4 800)			(4 372)	(2 084)
Net changes in provisions and reserves				107			107	(1 183)
Net excess/(shortfall) of income over expenditure			**(143)**	**51 491**	**44**		**51 392**	**62 080**
Transfers from/(to) other funds[c]			(1 065)	1 851	(777)		9	7 326
Refunds to donors				(13 713)			(13 713)	(2 047)
Other adjustments to reserves and fund balances			(782)	298	(3 412)		(3 896)	(3 857)
Reserves and fund balances, beginning of period			3 015	171 666	8 929		183 610	120 108
Reserves and fund balances, end of period			**1 025**	**211 593**	**4 784**		**217 402**	**183 610**

[a] Includes $0.637 million savings on cancellation of prior-period obligations and $0.919 million income for miscellaneous items and $0.061 million in exchange gains.
[b] Includes exchange losses of $1.236 million.
[c] Includes $1.131 million transfer of interest income from special-purpose to general-purpose funds.

Schedule D
United Nations Crime Prevention and Criminal Justice Programme

Statement of assets, liabilities and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Assets								
Cash and term deposits[a]				1 703			1 703	541
Investments in offices away from Headquarters cash pool[b]			930	190 266	4 340		195 536	186 716
Accounts receivable								
Voluntary contributions receivable	Schedule G			72 634			72 634	66 291
Inter-fund balances receivable		307	8 084		7 046		15 437	145 998
Advances to implementing partners				11 738			11 738	3 709
Other receivables			56	356	192		604	339
Other assets[c]			42	346	144		532	333
Total assets		**307**	**9 112**	**277 043**	**11 722**		**298 184**	**403 927**
Liabilities								
Unliquidated obligations — current period		307	241	12 496	83		13 127	11 772
Unliquidated obligations — future periods				202			202	103
Accounts payable								
Inter-fund balances payable				8 666			8 666	146 040
Advances due to implementing partners					112		112	
Other payables			51	5 213	15		5 279	1 393
Deferred income	Schedule G			33 505			33 505	47 448
End-of-service and post-retirement liabilities[d]	Note 7		7 795	5 367	6 728		19 890	12 343
Total liabilities		**307**	**8 087**	**65 449**	**6 938**		**80 781**	**219 099**

Schedule D
United Nations Crime Prevention and Criminal Justice Programme (continued)

	Reference	*Regular budget*	*General purpose*	*Special purpose*	*Programme support*	*Elimination*	*Total 2012-2013*	*Total 2010-2011*
Reserves and fund balances								
Reserves for allocations				1			1	1 218
Fund balances			1 025	211 593	4 784		217 402	183 610
Total reserves and fund balances			**1 025**	**211 594**	**4 784**		**217 403**	**184 828**
Total liabilities, reserves and fund balances		**307**	**9 112**	**277 043**	**11 722**		**298 184**	**403 927**

[a] Represents interest-bearing bank deposits of $1.465 million in UNICRI call accounts, interest-bearing deposits of $0.183 million in the UNICRI euro local bank account, interest-bearing deposits of $0.035 million in the UNICRI United States dollar local bank account and an imprest advance of $0.018 million.

[b] Represents the United Nations Crime Prevention and Criminal Justice Programme share of the United Nations offices away from Headquarters cash pools. The share of the United States dollar offices away from Headquarters cash pool comprises cash and term deposits of $38.708 million, short-term investments of $73.806 million, long-term investments of $72.431 million and accrued interest receivable of $0.254 million. The share of the euro offices away from Headquarters cash pool comprises cash and term deposits of $3.963 million (€2.873 million), short-term investments of $3.111 million (€2.256 million), long-term investments of $3.199 million (€2.319 million) and accrued interest receivable of $0.064 million (€0.046 million).

[c] Includes $0.202 million deferred charges for commitments against future financial periods and $0.330 million deferred charges for education grant advances.

[d] Represents end-of-service liabilities of $7.682 million (including $3.403 million funded repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $12.208 million (including $2.418 million funded after-service health insurance accruals) as at 31 December 2013.

Schedule E
United Nations Office on Drugs and Crime

Consolidated summary and ageing schedules of pledges and contributions as at 31 December 2013

(Thousands of United States dollars)

Donor	Unpaid pledges as at 1 January 2012 a	Income from pledges for 2012-2013			Pledges for future years c	Adjustment d	Collection e	Revaluation (losses)/gains f	Unpaid pledges as at 31 December 2013 g=a+b+c+d+e+f
		General purpose	Special purpose	Total 2012-2013 b					
A. Total voluntary contributions									
United Nations International Drug Control Programme	55 752	11 219	322 097	333 316	25 578	(34 818)	330 313	(1 783)	47 732
United Nations Crime Prevention and Criminal Justice Programme	64 366	8 200	255 720	263 920	32 726	(37 786)	251 198	(273)	71 755
Subtotal, A	**120 118**	**19 419**	**577 817**	**597 236**	**58 304**	**(72 604)**	**581 511**	**(2 056)**	**119 487**
B. Funds received under inter-organizational arrangements									
United Nations International Drug Control Programme	12 671		16 529	16 529	12 227	(11 798)	17 276	15	12 368
United Nations Crime Prevention and Criminal Justice Programme	1 925		8 410	8 410	779	(1 543)	8 692		879
Subtotal, B	**14 596**		**24 939**	**24 939**	**13 006**	**(13 341)**	**25 968**	**15**	**13 247**
United Nations International Drug Control Programme	68 423	11 219	338 626	349 845	37 805	(46 616)	347 589	(1 768)	60 100
United Nations Crime Prevention and Criminal Justice Programme	66 291	8 200	264 130	272 330	33 505	(39 329)	259 890	(273)	72 634
Total, A+B	**134 714**	**19 419**	**602 756**	**622 175**	**71 310**	**(85 945)**	**607 479**	**(2 041)**	**132 734**

Schedule E
United Nations Office on Drugs and Crime (continued)

Ageing of unpaid pledges as at 31 December 2013	*0-6 months*	*7-12 months*	*13-24 months*	*> 24 months*	*Total*
A. Voluntary contributions					
United Nations International Drug Control Programme	29 121	14 788	2 444	1 379	47 732
United Nations Crime Prevention and Criminal Justice Programme	27 653	20 642	11 373	12 087	71 755
Subtotal, A	**56 774**	**35 430**	**13 817**	**13 466**	**119 487**
B. Funds received under inter-organizational arrangements					
United Nations International Drug Control Programme	11 802	122	50	394	12 368
United Nations Crime Prevention and Criminal Justice Programme	132	643	104		879
Subtotal, B	**11 934**	**765**	**154**	**394**	**13 247**
United Nations International Drug Control Programme	40 923	14 910	2 494	1 773	60 100
United Nations Crime Prevention and Criminal Justice Programme	27 785	21 285	11 477	12 087	72 634
Total, A+B	**68 708**	**36 195**	**13 971**	**13 860**	**132 734**

Schedule F

United Nations International Drug Control Programme

Schedule of contributions and pledges as at 31 December 2013

(Thousands of United States dollars)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013: General purpose	Special purpose	Total 2012-2013	Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
A. Voluntary contributions from Member States and other									
Afghanistan		1		1			1		
Australia	2 889		3 027	3 027		(1 662)[a,b,c]	2 774	(133)	1 347
Austria	26	128	1 063	1 191	27	(27)[b]	1 218	1	
Bangladesh		2		2			2		
Belgium	84		153	153	67	(87)[b]	153	5	69
Bolivia (Plurinational State of)			330	330			330		
Brazil	1 279		28 476	28 476	9 593	(1 141)[a,b,d]	21 099	(275)	16 833
Canada	5 253		14 320	14 320	2 144	(158)[b]	19 104	(238)	2 217
China (including Hong Kong)		328	1 200	1 528			1 528		
Colombia	759		109 953	109 953		(201)[a]	108 561	(1 513)	437
Czech Republic			103	103			100	(3)	
Denmark	695		4 919	4 919	1 553	(629)[b]	5 051	116	1 603
Ecuador			326	326			326		
Estonia		5		5			5		
Finland	2 002	1 857	3 360	5 217	2 590	(1 897)[b]	4 045	202	4 069
France	386	395	2 771	3 166		(262)[b,c]	3 288	13	15
Germany	4 085	2 717	10 426	13 143	2 145	(3 846)[a,b]	13 442	169	2 254
India		200	387	587			588	1	
Ireland			78	78			80	2	
Italy	1 733		960	960		(934)[a,b]	1 044	(29)	686
Japan		2 449	19 011	21 460			20 025	(91)	1 344
Kazakhstan	25		300	300		(25)[a]	300		
Kuwait	5	10		10			10		5
Laos			29	29			29		
Libya			600	600	212		812		
Liechtenstein		81		81			81		
Luxembourg	1 151	268	959	1 227		31[b,d]	2 416	7	
Madagascar	1					(1)[a]			

Schedule F
United Nations International Drug Control Programme (continued)

Donor	*Unpaid pledges as at 1 January 2012*	*Income from pledges for 2012-2013*			*Pledges for future years*	*Adjustment*	*Collection*	*Revaluation (losses)/gains*	*Unpaid pledges as at 31 December 2013*
		General purpose	*Special purpose*	*Total 2012-2013*					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
Mexico			1 814	1 814			1 814		
Myanmar			10	10			10		
Netherlands	76		2 135	2 135	2 766	(42)[a,d]	769		4 166
New Zealand			245	245			239	(6)	
Norway	1 861		3 803	3 803	585	(1 581)[b,c]	3 683	(4)	981
Pakistan		2		2			2		
Panama		3		3			3		
Peru	224					(224)[a]			
Poland			29	29			29		
Portugal		10	10	20			20		
Qatar	1 250					(1 250)[a,b]			
Republic of Korea		200	683	883			784		99
Russian Federation	400	50	3 049	3 099		(678)[b,c]	2 821		
Saudi Arabia		50	50	100			100		
Singapore		5		5			5		
South Africa	3	3		3		(3)[a]	3		
Spain	568		67	67		(331)[a]	249	14	69
Sweden	3 685		11 682	11 682		(3 670)[b,c,d]	11 694	(3)	
Switzerland	667		914	914	623	(667)[b]	883	(3)	651
Thailand		30	20	50			50		
Tunisia		3		3			3		
Turkey		300	900	1 200		(50)[c]	1 150		
United Arab Emirates	1 214	20	5 000	5 020			2 976		3 258
United Kingdom of Great Britain and Northern Ireland	1 669		5 033	5 033	969	(555)[b]	5 522	(17)	1 577
United States of America	5 896	2 100	50 963	53 063		(3 000)[a]	54 612		1 347
Other									
Sovereign Military Order of Malta			9	9			5		4
Subtotal, A	**37 886**	**11 217**	**289 167**	**300 384**	**23 274**	**(22 896)**	**293 838**	**(1 785)**	**43 031**

Schedule F
United Nations International Drug Control Programme (continued)

Donor	*Unpaid pledges as at 1 January 2012*	*Income from pledges for 2012-2013*			*Pledges for future years*	*Adjustment*	*Collection*	*Revaluation (losses)/gains*	*Unpaid pledges as at 31 December 2013*
		General purpose	*Special purpose*	*Total 2012-2013*					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
B. Voluntary contributions from governmental organizations and public donations									
AIDS-Life Verein (Austria)			75	75			75		
Business Alliance for Secure Commerce			24	24			24		
COPARMEX, Mexico	1 000					(1 000)[a]			
Drug Abuse Prevention Centre (DAPC), Japan			441	441			426	(15)	
Drosos Foundation	390					(390)[a,b]			
European Union			19 364	19 364			19 364		
Geneva Centre for the Democratic Control of Armed Forces			745	745			758	13	
Global Fund	461		302	302		(347)[b]	416		
Global Health Communications Fund			290	290			290		
Hublot SA			100	100			100		
Inter-American Development Bank	219						223	4	
International Organization for Migration	10					(10)[a]			
NATO-Russia Council			2 468	2 468			2 468		
OPEC Fund	4 000		1 900	1 900	300	(1 500)[b]	3 400		1 300
USAID	11 786		6 905	6 905	2 004	(8 855)[a,b]	8 446		3 394
World Bank Group			316	316			309		7
Other donors		2		2			2		
Subtotal, B	**17 866**	**2**	**32 930**	**32 932**	**2 304**	**(12 102)**	**36 301**	**2**	**4 701**
Total, A+B	**55 752**	**11 219**	**322 097**	**333 316**	**25 578**	**(34 992)**	**330 139**	**(1 783)**	**47 732**

Schedule F
United Nations International Drug Control Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013			Pledges for future years	Adjustments	Collections	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
		General purpose	Special purpose	Total 2012-2013					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
C. Funds received under inter-organizational arrangements									
One UN — Albania			145	145			145		
One UN — Malawi			50	50			50		
One UN — Pakistan			133	133			133		
One UN – – Viet Nam	19		341	341			360		
UNAIDS	11 649		12 097	12 097	11 514	(11 576)[b]	12 129	15	11 570
UNDP	831		2 641	2 641		(57)[a]	2 971		444
UNDP — Spain Millennium Development Goal Fund	166		165	165		(165)[b]	166		
UNICEF			53	53			53		
United Nations Mine Action Service	6		464	464	232		348		354
UNOPS — Three Millennium Development Goals Fund			350	350	481		831		
WFP			90	90			90		
Subtotal, C	**12 671**		**16 529**	**16 529**	**12 227**	**(11 798)**	**17 276**	**15**	**12 368**
Total, A+B+C	**68 423**	**11 219**	**338 626**	**349 845**	**37 805**	**(46 790)**	**347 415**	**(1 768)**	**60 100**

[a] Pledges cancelled/written off.
[b] Pledges made in prior accounting period for 2012-2013 and included in outstanding pledges as at 1 January 2012.
[c] Transfer to United Nations Crime Prevention and Criminal Justice Fund.
[d] Transfer from United Nations Crime Prevention and Criminal Justice Fund.

Schedule G
United Nations Crime Prevention and Criminal Justice Programme

Schedule of contributions and pledges as at 31 December 2013

(Thousands of United States dollars)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013: General purpose	Special purpose	Total 2012-2013	Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f-g+h*
A. Voluntary contributions from Member States									
Afghanistan		1		1			1		
Argentina			131	131			126		5
Australia	8 966		6 481	6 481	1 101	(5 570)[b,c]	8 652	(21)	2 305
Austria	402	128	3 838	3 966	916	(335)[b]	4 033	50	966
Azerbaijan			20	20			20		
Bangladesh			2	2			2		
Belarus			50	50			50		
Belgium	42						42		
Bolivia (Plurinational State of)			45	45			45		
Brazil	5 712		6 510	6 510	951	(4 659)[b,d]	2 196	(413)	5 905
Cameroon									
Canada	10 719		13 019	13 019	800	(6 409)[a,b]	13 993	(67)	4 069
Cape Verde	830							56	886
Chile		20	2	22			22		
Colombia	17		6 237	6 237		(17)[a]	6 013	(49)	175
Denmark	945	3 494	3 627	7 121	8 874	(794)[a,b]	8 026	479	8 599
Ecuador			20	20			20		
Egypt	12					(12)[a]			
Finland	466						466		
France	99	395	3 851	4 246	138	205[f]	4 707	19	
Germany	386		6 536	6 536	829	(386)[a,b]	6 540	45	870
Hungary			92	92			90	(2)	
India	3	6		6			9		
Iran (Islamic Republic of)	85						85		
Ireland		52		52			53	1	
Israel			49	49			49		
Italy	155		4 727	4 727			3 558	62	1 386
Japan		245	19 769	20 014			19 097	(363)	554

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012–2013			Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
		General purpose	Special purpose	Total 2012-2013					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
Libya	3 044		10	10		(44)[a]	10		3 000
Liechtenstein	106						106		
Luxembourg	749		250	250		(591)[d]	384	5	29
Madagascar	1					(1)[a]			
Malaysia						30[c]	30		
Mexico	438		3 086	3 086	50	(448)[b]	2 815	29	340
Monaco	387		539	539		(422)[b]	466	25	63
Morocco			15	15		20[c]	35		
Netherlands	4 092		4 769	4 769	2 915	(2 210)[a,b,d]	6 491	17	3 092
New Zealand			242	242		(34)[b]	210	2	
Nigeria	123		2	2		(128)[a,b]		3	
Norway	997	679	11 385	12 064	3 710	(582)[b,c]	13 099	(59)	3 031
Panama	1 308		2 271	2 271	908	(1 036)[a,b]	1 719	(1)	1 731
Portugal	129		53	53		(184)[a,b]		2	
Qatar			200	200		86[c]	286		
Republic of Korea	220	80	260	340		(220)[b]	340		
Romania			80	80			79	(1)	
Russian Federation			901	901		278[c]	1 179		
Saudi Arabia			161	161			161		
Singapore			3	3			3		
Slovakia			10	10	5		10		5
Slovenia			6	6	14		20		
South Africa			4	4					4
Spain			417	417	166		417	3	169
Sweden		2 939	7 302	10 241	1 185	(250)[b,c]	9 823	(166)	1 187
Switzerland			341	341	121		341		121
Thailand		101	970	1 071			1 059	(12)	
Trinidad and Tobago			38	38			38		
Tunisia	3					(3)[a]			
Turkey			400	400		50[c]	450		

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013: General purpose	Special purpose	Total 2012-2013	Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
United Arab Emirates		60	579	639			639		
United Kingdom of Great Britain and Northern Ireland	3 043		14 576	14 576	1 460	(760)[b]	14 541	145	3 923
United States of America	10 130		38 179	38 179	1 696	(957)[a, b]	29 497		19 551
Subtotal, A	**53 609**	**8 200**	**162 055**	**170 255**	**25 839**	**(25 383)**	**162 143**	**(211)**	**61 966**
B. Voluntary contributions from other organizations									
Agroinnova			99	99			99		
Aguas de Portugal	39						39		
AIFA	13						13		
Anti-Corruption Commission of Namibia			301	301			301		
AusAID	2 926		9 423	9 423	5 951	(2 607)[b]	8 761	(113)	6 819
Autoriti Monetari Brunei Darussalam			225	225			225		
Banco BPI	65						64	(1)	
Banco Commercial Português	77		40	40	40	(80)[b]	40	4	41
Bangladesh Bank			269	269			269		
Beulah London			13	13			4		9
Bureau of Public Procurement, Nigeria			1 269	1 269			1 269		
Business Action to Stop Counterfeiting			60	60			60		
Caixa Geral de Depositos	10		28	28		(11)[a]	28	1	
Cardno Emerging Markets			462	462			462		
Cassa di Risparmio di Lucca	310		168	168	84	(255)[a,b]	168	23	162
Consorzio per l'Università di Pomezia	6					(7)[a]		1	
Criminal Information Centre to Combat Drugs			246	246		104[c]	350		
DP World			100	100			100		
Drosos Foundation	60		60	60		(60)[b]	60		

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012–2013: General purpose	Special purpose	Total 2012–2013	Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
	a	*b*	*c*	*d* = *b* + *c*	*e*	*f*	*g*	*h*	*i* = *a* + *d* + *e* + *f* + *g* + *h*
European Commission			64 983	64 983			64 983		
Financial Intelligence Agency — Bermuda			100	100			100		
Financial Intelligence Centre — Kosovo			102	102			102		
Financial Intelligence Centre — Namibia			200	200			200		
Financial Intelligence Centre — South Africa			1 303	1 303			1 303		
Financial Intelligence Unit — United Republic of Tanzania			100	100			100		
Financial Monitoring Service — Azerbaijan			60	60			60		
Financial Intelligence Centre — Mauritius			184	184			184		
Fondazione Monte Paschi	19					(20) [a]		1	
Fondazione San Paulo	226		776	776			1 015	13	
Fundació Privada Clinic per la Recerca Biomèdica			2	2			2		
Galp Energia	39		44	44		(44) [b]	44	5	
Global Cyber Security Centre			33	33			33		
Grupo 8 Segurança	77		38	38		(114) [a,b]		(1)	
Ingenieria de Sistemas para la Defensa de Espana			44	44			44		
Instituto de la Mujer Duranguense			252	252			255	3	
International Olympic Committee			41	41			42	1	
International Organization for Migration			28	28	64		28		64
INTERPOL			153	153			153		
Ipsos MORI			159	159			159		
Korps Landelijke Politiensten			308	308			308		
Ministry of Finance — Mozambique			104	104			104		

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013			Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
		General purpose	Special purpose	Total 2012-2013					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
Nano 4 U GMBH			91	91			91		
National Bureau of Investigation — Finland			186	186			186		
National Crime Agency			88	88			88		
New Zealand Police			316	316			316		
Organization of American States			290	290			290		
Palestine Monetary Authority			100	100			100		
Provincia di Lucca			23	23			23		
Public donations, various sources < = US$ 50,000			120	120			119	(1)	
Qatar Foundation on Combating Trafficking in Human Beings	4 000		4 000	4 000		(4 000) [b]	2 000		2 000
Rede Ferroviaria Nacional			26	26			26		
Redes Energeticas Nacionais			19	19			19		
Regione Abruzzo			78	78			78		
Regione Calabria	1 292		1 372	1 372		(2 664) [a,b]			
Rigsadvokaten — Denmark			100	100			100		
SICPA Security Solutions			96	96	285		96		285
Siemens AG	1 598		2 259	2 259	356	(2 615) [b]	1 598		
Unit for Combating Money Laundering (MOKAS), Cyprus			413	413			413		
Università Cattolica/Transcrime			76	76			76		
USAID			300	300					300
UTRF Morocco			100	100			100		
Verification Research, Training and Information Centre			107	107	107		107	2	109
World Anti-Illicit Traffic Organization			120	120		(30) [a]	90		

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	*Unpaid pledges as at 1 January 2012*	*Income from pledges for 2012-2013*			*Pledges for future years*	*Adjustment*	*Collection*	*Revaluation (losses)/gains*	*Unpaid pledges as at 31 December 2013*
		General purpose	*Special purpose*	*Total 2012-2013*					
	a	*b*	*c*	*d=b+c*	*e*	*f*	*g*	*h*	*i=a+d+e+f+g+h*
World Bank			600	600			600		
World Bank/UNODC StAR Trust Fund			1 008	1 008			1 008		
Subtotal, B	**10 757**		**93 665**	**93 665**	**6 887**	**(12 403)**	**89 055**	**(62)**	**9 789**
Total voluntary contributions									
Total, A+B	**64 366**	**8 200**	**255 720**	**263 920**	**32 726**	**(37 786)**	**251 198**	**(273)**	**71 755**
C. Funds received under inter-organizational arrangements									
CITES secretariat			247	247			147		100
FAO			20	20			20		
Gender Equality and Women			37	37			37		
ILO			198	198	132		198		132
IOM — UNODC — UNHCR	226					(21) [b]	205		
MDTF/MDGF/UNDP Spain	997		602	602		(851) [a,b]	748		
One UN — Albania			104	104			104		
One UN — United Republic of Tanzania			141	141		(29) [b]	112		
One UN — Viet Nam	11		824	824			835		
Peacebuilding Fund			1 553	1 553	543	(545) [b]	1 008		543
Trust Fund Piracy			4 245	4 245			4 245		
UNDP	166		197	197		(53) [a]	310		
United Nations Democracy Fund	160						160		
UNEP			131	131		(44) [b]	87		

Schedule G
United Nations Crime Prevention and Criminal Justice Programme (continued)

Donor	Unpaid pledges as at 1 January 2012	Income from pledges for 2012-2013: General purpose	Income from pledges for 2012-2013: Special purpose	Income from pledges for 2012-2013: Total 2012-2013	Pledges for future years	Adjustment	Collection	Revaluation (losses)/gains	Unpaid pledges as at 31 December 2013
	a	*b*	*c*	*d = b + c*	*e*	*f*	*g*	*h*	*i = a + d + e + f - g + h*
United Nations Trust Fund for Human Security	365		103	103	104		468		104
United Nations Women's Guild			8	8			8		
Subtotal, C	**1 925**		**8 410**	**8 410**	**779**	**(1 543)**	**8 692**		**879**
Total, A+B+C	**66 291**	**8 200**	**264 130**	**272 330**	**33 505**	**(39 329)**	**259 890**	**(273)**	**72 634**

[a] Pledges written off.
[b] Accounting adjustments pertaining to pledges for 2012-2013 and recorded in prior period.
[c] Transfer from Fund of United Nations International Drug Control Programme to United Nations Crime Prevention and Criminal Justice Fund.
[d] Transfer from United Nations Crime Prevention and Criminal Justice Fund to Fund of United Nations International Drug Control Programme.
[e] Transfer from other funds.

Schedule H
United Nations Office on Drugs and Crime

Budget and expenditure for the biennium ended 31 December 2013
(Thousands of United States dollars)

	United Nations International Drug Control Programme			*United Nations Crime Prevention and Criminal Justice Programme*			*Total*		
Category	*2012-2013 revised budget*[a]	*2012-2013 expenditure*	*Balance*	*2012-2013 revised budget*[a]	*2012-2013 expenditure*	*Balance*	*2012-2013 revised budget*[a]	*2012-2013 expenditure*	*Balance*
I. Policymaking organs									
Regular budget	1 120	1 088	32	134	108	26	1 254	1 196	58
Subtotal, I	**1 120**	**1 088**	**32**	**134**	**108**	**26**	**1 254**	**1 196**	**58**
II. Executive direction and management									
General purpose	1 264	1 180	84	480	635	(155)	1 744	1 815	(71)
Programme support		72	(72)	563	704	(141)	563	776	(213)
Special purpose	1 074	609	465				1 074	609	465
Regular budget	909	904	5	663	659	4	1 572	1 563	9
Subtotal, II	**3 247**	**2 765**	**482**	**1 706**	**1 998**	**(292)**	**4 953**	**4 763**	**190**
III. Programme of work									
A. Subprogramme 1, Countering transnational organized crime and illicit trafficking, including drug trafficking									
General purpose				425	445	(20)	425	445	(20)
Programme support				563	532	31	563	532	31
Special purpose	50 198	52 635	(2 437)	62 925	54 985	7 940	113 123	107 620	5 503
Regular budget	2 411	2 293	118	4 812	4 574	238	7 223	6 867	356
Subtotal, A	**52 609**	**54 928**	**(2 319)**	**68 725**	**60 536**	**8 189**	**121 334**	**115 464**	**5 870**

Schedule H
United Nations Office on Drugs and Crime (continued)

Category	United Nations International Drug Control Programme			United Nations Crime Prevention and Criminal Justice Programme			Total		
	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance
B. Subprogramme 2, Countering corruption									
Special purpose				32 097	25 890	6 207	32 097	25 890	6 207
Regular budget				4 625	4 610	15	4 625	4 610	15
Subtotal, B				**36 722**	**30 500**	**6 222**	**36 722**	**30 500**	**6 222**
C. Subprogramme 3, Terrorism prevention and combating									
Special purpose				15 713	14 480	1 233	15 713	14 480	1 233
Regular budget				2 732	2 699	33	2 732	2 699	33
Subtotal, C				**18 445**	**17 179**	**1 266**	**18 445**	**17 179**	**1 266**
D. Subprogramme 4, Justice									
General purpose	6 359	6 469	(110)	5 828	5 810	18	12 187	12 279	(92)
Programme support[b]	9 925	9 376	549	9 212	9 032	180	19 137	18 408	729
Special purpose[b]	7 808	5 986	1 822	65 574	57 240	8 334	73 382	63 226	10 156
Regular budget	1 787	1 756	31	4 001	3 906	95	5 788	5 662	126
Subtotal, D	**25 879**	**23 587**	**2 292**	**84 615**	**75 988**	**8 627**	**110 494**	**99 575**	**10 919**
E. Subprogramme 5, Health and livelihoods									
General purpose	260	248	12				260	248	12
Special purpose	157 498	140 442	17 056	1 229	1 043	186	158 727	141 485	17 242
Regular budget	1 990	1 908	82				1 990	1 908	82
Subtotal, E	**159 748**	**142 598**	**17 150**	**1 229**	**1 043**	**186**	**160 977**	**143 641**	**17 336**
F. Subprogramme 6, Research and trend analysis									
General purpose	2 346	2 241	105	1 198	1 382	(184)	3 544	3 623	(79)
Programme support				278	240	38	278	240	38
Special purpose	19 956	20 142	(186)	45 574	30 985	14 589	65 530	51 127	14 403
Regular budget	6 845	6 759	86	375	324	51	7 220	7 083	137
Subtotal, F	**29 147**	**29 142**	**5**	**47 425**	**32 931**	**14 494**	**76 572**	**62 073**	**14 499**

Schedule H
United Nations Office on Drugs and Crime (continued)

Category	United Nations International Drug Control Programme			United Nations Crime Prevention and Criminal Justice Programme			Total		
	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance
G. Subprogramme 7, Policy support									
General purpose	1 276	1 107	169				1 276	1 107	169
Programme support	670	538	132	2 536	2 475	61	3 206	3 013	193
Special purpose	3 717	3 236	481	3 046	2 343	703	6 763	5 579	1 184
Regular budget	11 092	11 212	(120)	2 028	2 024	4	13 120	13 236	(116)
Subtotal, G	**16 755**	**16 093**	**662**	**7 610**	**6 842**	**768**	**24 365**	**22 935**	**1 430**
Subtotal, Programme of work									
General purpose	10 241	10 065	176	7 451	7 637	(186)	17 692	17 702	(10)
Programme support	10 595	9 914	681	12 589	12 279	310	23 184	22 193	991
Special purpose	239 178	222 441	16 737	226 159	186 966	39 193	465 337	409 407	55 930
Regular budget	24 125	23 928	197	18 573	18 137	436	42 698	42 065	633
Subtotal, III	**284 139**	**266 348**	**17 791**	**264 772**	**225 019**	**39 753**	**548 911**	**491 367**	**57 544**
IV. Programme support									
General purpose	1 103	1 069	34	700	638	62	1 803	1 707	96
Programme support	6 862	5 896	966	7 382	6 650	732	14 244	12 546	1 698
Special purpose	3 840	2 036	1 804	4 239	4 385	(146)	8 079	6 421	1 658
Regular budget	645	656	(11)	470	478	(8)	1 115	1 134	(19)
Subtotal, IV	**12 450**	**9 657**	**2 793**	**12 791**	**12 151**	**640**	**25 241**	**21 808**	**3 433**

Schedule H
United Nations Office on Drugs and Crime (continued)

Category	United Nations International Drug Control Programme			United Nations Crime Prevention and Criminal Justice Programme			Total		
	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance	2012-2013 revised budget[a]	2012-2013 expenditure	Balance
Summary (I+II+III+IV)									
General purpose	12 608	12 314	294	8 631	8 910	(279)	21 239	21 224	15
Programme support	17 457	15 882	1 575	20 534	19 633	901	37 991	35 515	2 476
Special purpose	244 092	225 086	19 006	230 398	191 351	39 047	474 490	416 437	58 053
Regular budget	26 799	26 576	223	19 840	19 382	458	46 639	45 958	681
Total, I+II+III+IV	**300 956**	**279 858**	**21 098**	**279 403**	**239 276**	**40 127**	**580 359**	**519 134**	**61 225**
Losses from currency fluctuations	2 886	(2 886)		1 236	(1 236)			4 122	(4 122)
Total	**300 956**	**282 744**	**18 212**	**279 403**	**240 512**	**38 891**	**580 359**	**523 256**	**57 103**

[a] Extrabudgetary figures are based on the revised budget for the biennium 2012-2013 (see E/CN.7/2013/6-E/CN.15/2013/6). Regular budget figures comprise sections 16 and 23 of the programme budget and are based on 2012-2013 final appropriations as approved by the General Assembly in resolution 68/245.

[b] Expenditure also includes transfers of programme support cost funds to special-purpose funds to cover shortfalls in projects.

United Nations Office on Drugs and Crime
Notes to the financial statements

Note 1
United Nations Office on Drugs and Crime and its activities

(a) The United Nations Office on Drugs and Crime (UNODC) is mandated to assist Member States in their struggle against illicit drugs, crime and terrorism in all its forms and manifestations. In order to enhance the effectiveness, accountability and control of the Office, the structure of the programme for the biennium 2012-2013 has been reorganized into six thematic subprogrammes (Countering transnational organized crime and trafficking; Countering corruption; Terrorism prevention; Justice; Health and livelihoods (drugs and HIV); and Research and trend analysis) and one subprogramme that provides policy guidance and operational responses on issues related to drug control, crime prevention and criminal justice as well as support to policymaking organs (Policy support). These subprogrammes are tailored to global, regional, subregional and national priorities, as identified in full consultation with Member States. Each subprogramme falls within the current organizational structure of three divisions, which allows for the leveraging of complementarities and synergies between divisions and field operations, with thematic experts of the Office performing both normative and operational work.

(b) While UNODC continues to strive for the greatest possible conceptual and operational integration of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme, voluntary contributions are budgeted and accounted for separately under each Fund.

Note 2
Accounting policies

(a) Accounting conventions:

(i) The accounts of UNODC, which include the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme, are maintained in accordance with the Financial Regulations and Rules of the United Nations, the financial rules of UNODC and the United Nations system accounting standards. Going concern, consistency and accrual are fundamental accounting assumptions. Prudence, substance over form and materiality govern the selection and application of accounting policies. Notes to the financial statements disclose all significant accounting policies and changes in accounting policies that materially affect the financial statements;

(ii) The accounts are maintained on a fund accounting basis. Each fund is a distinct financial and accounting entity with a separate, self-balancing group of accounts. Separate financial statements are prepared for the United Nations International Drug Control Programme (schedules A and B) and the United Nations Crime Prevention and Criminal Justice Programme (schedules C and D), which are combined to present the consolidated financial statements;

(iii) The consolidated cash flow statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards;

(iv) The financial period is a biennium consisting of two consecutive calendar years. The financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(v) The accounts are maintained and presented in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect at the date of the presentation of the statements;

(vi) The financial statements of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme are presented with the respective source of funding, by regular budget, general-purpose, special-purpose and programme support funds. Regular budget funds represent the share of UNODC of the United Nations regular budget and are centrally assessed to Member States. General-purpose funds are unearmarked resources which finance the executive direction and management of UNODC, as well as programme and programme support costs both at headquarters (Vienna) and in the field. They are also used to fund advances for projects and other field operations. Special-purpose funds are earmarked voluntary contributions which finance the technical cooperation activities of the Office and other substantive activities at headquarters and in the field;

(vii) The United Nations Crime Prevention and Criminal Justice Programme includes sub-accounts for the United Nations Interregional Crime and Justice Research Institute (UNICRI), the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia and the Trust Fund for Victims of Trafficking in Persons, Especially Women and Children. The presentation of consolidated financial statements for the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme facilitates the review of the work of UNODC and does not imply that the Funds have been intermingled. The consolidation process requires the elimination of transactions between the Funds for accurate presentation in the "total" column. Such elimination removes double-counting of income and expenditure and includes receivable and payable offsets and adjustments to fund balances. All such eliminations are presented under the separate "elimination" column and row.

(b) Income:

(i) In accordance with the policy of the United Nations Secretariat, contributions to UNODC are recorded on an accrual basis;

(ii) Voluntary contributions from Member States and other donors are recognized on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary

contributions include cost-sharing contributions, income from governmental organizations and public donations. Voluntary contributions in kind are disclosed in note 11;

(iii) Income received under inter-organizational arrangements represents allocations of funds from agencies to enable UNODC to administer projects or other programmes on their behalf;

(iv) The UNODC share of programme support costs charged to projects and activities charged to special-purpose funds is credited as income to its programme support funds to meet related support expenditure. This programme support income, however, is then eliminated in consolidating income to avoid double-counting of income already recognized under special-purpose contributions. In accordance with United Nations policies governing trust funds, the UNODC share of programme support income on the balance of unspent allocations issued to implementing partners is also recognized;

(v) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds. Interest income on total investments is split according to its general-purpose, special-purpose and programme support fund balances. The special-purpose fund share of interest income to the drug control and crime prevention programmes is then distributed to special-purpose project accounts or refunded according to donor funding arrangements. The remaining balance is credited to general-purpose funds. This distribution is shown as a transfer between general and special-purpose funds in the financial statements;

(vi) Miscellaneous income includes refunds of expenditure charged to prior periods, income for services rendered, savings on or cancellation of prior-period obligations and other sundry income;

(vii) At the end of the period, net gains on currency fluctuations (including currency exchange adjustments arising from revaluation of current-period obligations, bank accounts, investment pools and outstanding receivables) are reported as a part of miscellaneous income.

(c) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Expenditure incurred directly by UNODC includes unliquidated obligations and disbursements. Expenditure incurred by implementing partners includes disbursements made by them on behalf of UNODC. At the end of the period, net losses on currency fluctuations (including currency exchange adjustments arising from revaluation of current-period obligations, bank accounts, investment pools and outstanding receivables) are reported as a part of operating expenses;

(ii) A programme support charge of up to 13 per cent for programme and project execution is incurred by UNODC. Where the implementation of programme or project is shared with an implementing partner, programme

support charges are also shared, with the combined amount not exceeding 13 per cent. Programme support costs paid in the biennium to implementing partners under this arrangement are charged to programme expenditure in the financial statements, since they constitute an outflow of funds from the organization. Programme support costs retained by UNODC under this arrangement are then eliminated in the "elimination" column to avoid double-counting with actual programme support expenditure;

(iii) Expenditures incurred for non-expendable property are charged to the budget of the period when the property was acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost and is disclosed in note 10.

(d) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits in UNODC headquarter bank accounts and UNODC field office bank accounts. Cash also includes imprest and petty cash at UNODC field offices, UNICRI and with the Economic and Social Commission for Asia and the Pacific;

(ii) Cash pool funds — see note 6;

(iii) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions made directly with the United Nations General Fund. Inter-fund balances are settled periodically;

(iv) Accounts receivable include contributions receivable, inter-fund balances receivable, advances to implementing partners and other receivables;

(v) Other assets represent deferred charges. Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period and will be charged as expenditure in a subsequent period. These expenditure items include commitments approved for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery. For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proof of entitlements are produced, at which time the budgetary accounts are charged and the advances settled.

(e) Liabilities:

(i) Unpaid commitments and valid commitments against future financial periods are shown as unliquidated obligations. Obligations remain valid for 12 months following the end of the biennium to which they relate;

(ii) Accounts payable include advances due to implementing partners, inter-fund balances payable and other payables;

(iii) Deferred income includes pledged contributions for future periods where the pledge document categorically specifies the fiscal year(s) in which the contributions will be made;

(iv) Accrued liabilities for end-of-service and post-retirement benefits, comprising those for after-service health insurance, unused annual leave days, end-of-service allowances and repatriation benefits, are included as liabilities in the statement of assets, liabilities and reserves and fund balances, in accordance with the United Nations accounting policy and with section III of General Assembly resolution 60/255 concerning the recognition of after-service health insurance liabilities (note 7);

(v) The United Nations Office on Drugs and Crime participates in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. The contribution of the Office to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the United Nations Joint Staff Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. As at 31 December 2013, the General Assembly had not invoked this provision;

(f) Reserves and fund balances:

(i) Prior-period adjustments include adjustments to prior-period income and the write-off and cancellation of prior-period pledges (note 4);

(ii) Net changes of provisions and reserves reflect movements of the reserve for allocations;

(iii) Transfers to and from other funds are performed in accordance with terms and conditions as agreed with donors;

(iv) Refunds to donors are funds that are surplus to the requirements of specific projects and are returned to donors in accordance with the terms and conditions set forth in funding agreements;

(v) Reserves for allocations are established to cover unspent budgetary allocations and outstanding operating funds advanced to implementing partners;

(vi) Commencing December 2012, UNODC fully provides for future after-service health insurance entitlements within all its funding sources and the resulting charges are included within staff and other personnel costs. Prior to December 2012, after-service health insurance costs were borne solely by the general-purpose and programme support cost funds, with the absorption reflected as a movement in their reserves.

(g) Summary of significant changes in accounting policies (note 3):

(i) Commencing 2012, regular budget expenditure and its assessed allocation are included in the financial statements of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Programme and the consolidated financial statements.

Note 3
Effect of changes in accounting policies

(a) Commencing 2012, assessed allocations and expenditures directly related to the UNODC regular budget are included in the consolidated financial statements in order to provide a comprehensive picture of the resources used by UNODC to achieve its results:

(i) In statement I, the 2012-2013 regular budget allocations of $45,959,482 ($44,059,827 for 2010-2011) are separately demonstrated under the caption "regular budget allocations", while the equal and corresponding expenditures are included within the various expenditure captions. Of these allocation and expenditure totals, an amount of $26,576,997 for 2012-2013 ($26,744,460 for 2010-2011), representing the regular budget efforts of the United Nations International Drug Control Programme, has been included in schedule A and an amount of $19,382,485 for 2012-2013 ($17,315,368 for 2010-2011), representing regular budget efforts of the United Nations Crime Prevention and Criminal Justice Programme, has been included in schedule C;

(ii) The 2011 comparative statements have been restated to reflect the 2010-2011 regular budget funding as described above. Prior to 2012, regular budget funding was excluded from the UNODC statements altogether;

(iii) Prior to December 2012, after-service health insurance costs were borne solely by the general purpose and programme support cost funds with the absorption reflected as a movement in their reserves.

(b) The transition from the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS):

(i) The United Nations is transitioning from use of the United Nations system accounting standards to IPSAS, which will guide presentation of the financial statements of the United Nations, including those of the United Nations Office on Drugs and Crime, commencing with the 2014 financial year. Hence, the present financial statements are the last to be prepared using the United Nations standards;

(ii) The International Public Sector Accounting Standards are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also requires significantly more note disclosures in the financial statements;

(iii) Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on the full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis.

There will be a reconciliation between budget implementation, and the financial statements which will be presented in the notes to the financial statements;

(iv) The International Public Sector Accounting Standards require annual financial statements. Commencing with the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 4
Prior-period adjustments

The table below shows adjustments made to outstanding pledges and other receivables.

(Thousands of United States dollars)

Donor	*United Nations International Drug Control Programme*	*United Nations Crime Prevention and Criminal Justice Programme*	*UNICRI*	*Total*
African Union	(57)			(57)
Australia	7			7
Brazil	269			269
Caixa Geral De Depositos			10	10
Canada		8		8
Cassa di Risparmio di Luca			3	3
Colombia	201	17		218
Consorzio per l'Università di Pomezia			6	6
COPARMEX, Mexico	1 000			1 000
Denmark		719		719
Drosos Foundation	300			300
Egypt		12		12
Fondazione Monte dei Paschi di Siena			20	20
Germany	1	27		28
Grupo 8 Segurança			79	79
IOM	10			10
Italy	502			502
Kazakhstan	25			25
Libya		44		44
Madagascar	1	1		2
Millennium Development Goal Achievement Fund		249		249
Netherlands	76	1 177		1 253
Nigeria, Bayelsa State Government		63		63
Panama		308		308
Peru	224			224
Police Headquarters, Lesotho	2			2
Portugal			133	133

Donor	*United Nations International Drug Control Programme*	*United Nations Crime Prevention and Criminal Justice Programme*	*UNICRI*	*Total*
Qatar	500			500
Regione Calabria			1 326	1 326
South Africa	3			3
Spain	332			332
Tunisia		3		3
UNDP		54		54
UNDP Jerusalem	3			3
UNDP Peru	53			53
UNFPA	8			8
United Kingdom of Great Britain and Northern Ireland	51			51
United States of America	3 245	83		3 328
World Anti-Illicit Traffic Organization			30	30
Total	**6 756**	**2 765**	**1 607**	**11 128**

Note 5
Operating funds advanced to/(due to) implementing partners

(Thousands of United States dollars)

Implementing partners	*Operating funds advanced to implementing partners as at 31 December 2013*	*Operating funds due to implementing partners as at 31 December 2013*
United Nations entities		
UNDP	7 187	
UNFPA	16	
UNICEF	730	
UNOPS	3 009	237
Specialized/other implementing agencies		
FAO	7	
IOM		112
WHO	179	
Other external parties		
Various advances to "Drugs Alcohol Women Network project 2010"	1	
Various advances to "CBRN COE 2nd contract"	36	
Various advances to "CBRN COE 2 (Set-up extension)"	147	
Various advances to "CBRN COEA: Implementation of 2010 actions"	5 047	
Various advances to "Strengthening biosafety and biosecurity capabilities in South Caucasus and Central Asian Countries"	1 863	
Various advances to "The HOUSE consortium"	581	
Various advances to "To provide a voice to the most vulnerable groups in the development dialogue in Mozambique"	4	

Implementing partners	*Operating funds advanced to implementing partners as at 31 December 2013*	*Operating funds due to implementing partners as at 31 December 2013*
Banco Agrario	628	
Various advances to "Support the implementation and monitoring of an integrated and sustainable strategy to reduce illicit crops and promote alternative development and culture of legality in Colombia"	10 637	
World Customs Organization		76
Total	**30 072**	**425**

Note 6
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including UNODC. Such surplus funds are combined in one of two internally managed cash pools which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities of the cash pools are guided by the principles contained in the Investment Management Guidelines. An investment committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance.

(b) Investment management objectives: Further to the Guidelines, the investment objectives of the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the cash pool.

(c) Cash pools:

(i) The United Nations Treasury manages investments in two different cash pools, the main cash pool and the euro cash pool:

a. Effective 1 July 2013, the cash pools of United Nations Headquarters and of the offices away from Headquarters were combined to form the main cash pool. The main cash pool currently comprises operational bank account balances and investments in United States dollars;

b. The euro cash pool comprises investments in euros. The fund participants are mostly offices away from Headquarters which may have a surplus of euros from their operations;

(ii) The cash pools are invested in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. Cash pools do not invest in derivative instruments or in asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are accounted for on a trade-date basis; the basis was changed from settlement date to trade date on 1 July 2013. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools, and the net income is distributed proportionately to the funds participating in the cash pools. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants, based on their end-of-year balances;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(v) Investments have been recorded at fair value. The 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

(d) Financial information pertaining to the cash pools:

(i) As at 31 December 2013, the total assets of the cash pools amounted to $9,640.8 million; of this amount, $425.5 million was due to UNODC as reflected against the cash pool line in statement II, Assets, liabilities and reserves and fund balances;

(ii) Financial information on the cash pools as at 31 December 2013 is summarized in table 1.

Table 1
Summary of assets and liabilities of the cash pools as at 31 December 2013
(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Assets			
Short-term investments[a]	5 687 907	27 730	5 715 637
Long-term investments[a]	3 734 459	28 508	3 762 967
Total investments	9 422 366	56 238	9 478 604
Cash	113 200	35 325	148 525
Accrued investment income	13 084	570	13 654
Total assets	**9 548 650**	**92 133**	**9 640 783**
Liabilities			
Payable to UNODC	412 545	12 907	425 452
Payable to other funds participating in the cash pools	9 136 105	79 226	9 215 331
Total liabilities	**9 548 650**	**92 133**	**9 640 783**
Net assets			

Summary of net income of the cash pools for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Income			
Investment revenue	96 592	2 491	99 083
Realized gains on sales of securities	24 643	2 391	27 034
Foreign exchange adjustments	4 241	50	4 291
Unrealized gains (losses)	4 811	(82)	4 729
Net income from investments	**130 287**	**4 850**	**135 137**
Bank fees	(1 083)	(1)	(1 084)
Net income from operations	**129 204**	**4 849**	**134 053**

[a] Fair value.

(e) Composition of the cash pools:

Table 2 shows a breakdown of investments held in the cash pools by type of instrument.

Table 2

Investments of the cash pools by type of instrument as at 31 December 2013

(Thousands of United States dollars)

Main pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

Euro pool	*Book value*	*Fair value*[a]
Bonds		
Non -United States agencies	13 942	13 937
Non-United States Sovereigns	28 578	28 508
Supranationals	13 794	13 793
Total investments	**56 314**	**56 238**

Total of main pool and euro pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 087 064	2 091 358
Non-United States sovereigns	699 541	703 281
Supranationals	263 869	264 039
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 203 129**	**5 207 220**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 473 869**	**9 478 604**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

(f) Financial risk management:

The cash pools are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as follows:

(i) Credit risk:

a. The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits;

b. The credit ratings of the issuers whose securities were held in the cash pools are shown in table 3;

Table 3
Investments of the cash pools by type of instrument as at 31 December 2013
(Thousands of United States dollars)

Main pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposit	250 003	S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

Euro pool	*Total*[a]	*Ratings*
Bonds	56 238	S&P: 75% AAA and 25% AA+; Moody's: 100% Aaa
Total investments	**56 238**	

[a] Represents the fair value of the securities as at 31 December 2013.

(ii) Liquidity risk:

The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. Sufficient cash and marketable securities are maintained to meet commitments as and when they fall due. The major portion of the cash and cash equivalents and investments of the pools are available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner and liquidity risk is considered to be low;

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate due to changes in foreign exchange rates versus the United States dollar. The main pool has no currency risk for its investments, which are in United States dollars. The main pool has currency risk insofar as its operational bank balances. The euro pool is exposed to currency risk through the holding of securities in euros. Accordingly, funds participating in the euro pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros;

(iv) Interest rate risk:

a. Interest rate risk is the risk of variability in the value of investments due to changes in interest rates. In general, as the interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the duration of the fixed-rate security, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk;

b. The cash pools are exposed to interest rate risk as their holdings comprise interest-bearing securities. As at 31 December 2013, the cash pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average durations of the main pool and the euro pool were 0.92 years and 0.64, respectively, which are considered to be indicators of low interest rate risk;

c. Table 4 shows how fair value of the cash pools as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of an upward or downward shift of up to 200 basis point in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative;

Table 4
Sensitivity of the cash pools to interest rates as at 31 December 2013

Shift in yield curve (Basis points)	*Change in fair value (millions of United States dollars)*		
	Main pool	*Euro pool*	*Total*
(200)	174	1	175
(150)	130	1	131
(100)	87	1	88
(50)	43		43
	( )		
50	(43)	( )	(43)
100	(87)	(1)	(88)
150	(130)	(1)	(131)
200	(174)	(1)	(175)

(v) Other price risk:

The cash pools are not exposed to significant other price risk, as they do not sell short, borrow securities or purchase securities on margin, all of which limit the potential loss of capital.

Note 7
End-of-service and post-retirement benefits

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of unused annual leave days. All three liabilities are determined on the basis of an actuarial valuation undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon end of service, staff members and their dependents may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and 5 years for those recruited prior to this date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were a single equivalent discount rate of 4.47 per cent, a flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans, and health-care escalation rates of 7.3 per cent for all other medical plans (with the exception of 6.3 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years, and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) Another factor in the after-service health insurance valuation is the consideration of contributions by all plan participants in determining the

Organization's residual liability. Thus, contributions by retirees are deducted from the gross liability and a portion of the contributions by active staff is also deducted to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Organization's share not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan;

(iv) On the basis outlined in (ii) and (iii) above, the present value of the accrued liability as at 31 December 2013 was estimated at $16,901,270 for the United Nations International Drug Control Programme and $12,207,729 for the United Nations Crime Prevention and Criminal Justice Programme, compared to an estimated liability of $21,909,417 and $8,268,583, respectively, as at 31 December 2011;

(v) Further to the assumptions in (ii) above, it is estimated that the present value of the liability would increase by 29 per cent and decrease by 21 per cent if the medical cost trend were decreased and increased by 1 per cent, respectively, all other assumptions remaining constant. Similarly, it is estimated that the accrued liability would increase by 30 per cent and decrease by 22 per cent if the discount rate were decreased and increased by 1 per cent, respectively, all other assumptions remaining constant;

(vi) A charge of 9 per cent was levied against the net base salary to cover the funding for the after-service health insurance entitlements, starting in December 2012. This resulted in a charge of $2,037,685 for the United Nations International Drug Control Programme and $ 2,418,579 for the United Nations Crime Prevention and Criminal Justice Programme.

(c) Repatriation benefits:

(i) Upon end of service, staff members who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and to travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 7 (a), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.23 per cent, annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits, and travel and shipment cost increases of 2.5 per cent per annum;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $3,812,000 for the United Nations International Drug Control Programme and $4,330,000 for the United Nations Crime Prevention and Criminal Justice Programme.

(d) Unused annual leave days:

(i) Upon end of service, staff members may commute unused annual leave days up to a maximum of 60 working days for those holding fixed-term or continuing appointments;

(ii) As referred to in note 7 (a), an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused annual leave days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.47 per cent, and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth year, and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) On the basis of these assumptions, the present value of the accrued liability for unused annual leave days as at 31 December 2013 was estimated at $1,806,397 for the United Nations International Drug Control Programme and $1,758,603 for the United Nations Crime Prevention and Criminal Justice Programme.

(e) End-of-service allowance:

Upon end of service, the General Service staff members in UNICRI are entitled to a separation payment based on FAO Circular 90/54. Upon end of service, UNODC General Service staff members in Vienna are entitled to end-of-service allowances in accordance with United Nations information circular UN/INF.243. The separation payment and end-of-service allowance liabilities as at 31 December 2013 are estimated at $1,460,673 for the United Nations International Drug Control Programme and $1,593,622 for the United Nations Crime Prevention and Criminal Justice Programme.

(f) A summary of end-of-service and post-retirement liabilities and their funding is as follows:

(Thousands of United States dollars)

	United Nations International Drug Control Programme	*United Nations Crime Prevention and Criminal Justice Programme*	*UNICRI sub-account (United Nations Crime Prevention and Criminal Justice Programme)*	*Total*
After-service health insurance liabilities	16 901	10 534	1 674	29 109
Accrued annual leave liabilities	1 806	1 476	282	3 564
Repatriation benefits	3 812	4 115	215	8 142
General Service staff end-of-service allowances	1 461	1 417	177	3 055
Total after-service health insurance and end-of-service liabilities	**23 980**	**17 542**	**2 348**	**43 870**
Funded from repatriation and after-service health insurance reserve	8 240	5 210	611	14 061
Funded from reserves and fund balances	15 740	12 332	1 737	29 809

Note 8
Reserves and fund balances

(a) Income pertaining to future financial periods has been deferred only when the pledge documents categorically specify the future fiscal period of the contribution. As a result, unpaid pledges not so deferred, as well as actual operating surpluses, give rise to an accumulation of fund balances.

(b) Net changes in the reserves and fund balances of the United Nations International Drug Control Programme during 2012-2013 and future commitments against them are summarized below:

(Thousands of United States dollars)

Changes in reserves and fund balances	*General purpose*	*Special purpose*	*Programme support*	*Total*
Total reserves and fund balances as at 1 January 2012	10 801	142 253	9 150	162 204
Prior-period adjustments (see note 4)	(29)	(5 864)	(863)	(6 756)
Reinstated reserves and fund balances as at 1 January 2012	10 772	136 389	8 287	155 448
Excess/(shortfall) of income over expenditure (schedule A)	(680)	88 375	10 325	98 020
Other changes during 2012-2013[a]	4 771	(1 478)	931	4 224
Total reserves and fund balances as at 31 December 2013	**14 863**	**223 286**	**19 543**	**257 692**

[a] Includes changes in provisions, other adjustments to reserves and fund balances, transfers, refunds to donors and changes in reserves for allocations.

(c) Net changes in the reserves and fund balances of the United Nations Crime Prevention and Criminal Justice Programme during 2012-2013 and future commitments against them are summarized below.

(Thousands of United States dollars)

Changes in reserves and fund balances	*General purpose*	*Special purpose*	*Programme support*	*Total*
Total reserves and fund balances as at 1 January 2012	3 015	172 884	8 929	184 828
Prior-period adjustments (see note 4)	428	(4 800)		(4 372)
Reinstated reserves and fund balances as at 1 January 2012	3 443	168 084	8 929	180 456
Excess/(shortfall) of income over expenditure (schedule C)	(571)	56 184	44	55 657
Other changes during 2012-2013[a]	(1 847)	(12 674)	(4 189)	(18 710)
Total reserves and fund balances as at 31 December 2013	**1 025**	**211 594**	**4 784**	**217 403**

[a] Includes changes in provisions, other adjustments to reserves and fund balances, transfers, refunds to donors and changes in reserves for allocations.

Note 9
Negative cash balances

(a) Special-purpose contributions to project activities are treated as trust funds or project accounts. The application of these funds to specific project

activities is reported separately to donors. The consolidated balance shown in the statements, therefore, consists of a series of trust funds or project accounts. In some cases, where expenditure exceeds collections and any accrued interest, the cash balances are negative.

(b) The negative cash balances for the United Nations International Drug Control Programme are as follows:

Fund of the United Nations International Drug Control Programme: projects with negative cash balances as at 31 December 2013

(Thousands of United States dollars)

Donor	*Project number*	*Cash fund balance*	*Outstanding pledge*
Canada	GLOG80, GLOJ88, GLOC09	(45)	150
Norway	IRNVO4	(169)	490
United States of America	PERU08	(400)	947
European Union	XAWU72	(446)	2 171
Organization of the Petroleum Exporting Countries	XAFK45	(16)	500
Total		**(1 076)**	**4 258**

(c) The negative cash balances for the United Nations Crime Prevention and Criminal Justice Programme are as follows:

United Nations Crime Prevention and Criminal Justice Fund: projects with negative cash balances as at 31 Dec 2013

(Thousands of United States dollars)

Donor	*Project number*	*Cash fund balance*	*Outstanding pledge*
Unfunded	XAMT72	(181)	
Total		**(181)**	

Note 10
Non-expendable property

In accordance with standard United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The following table shows the non-expendable property locations, movement and status as at 31 December 2013:

(Thousands of United States dollars)

Location of non-expendable property	*As at 31 December 2013*	*Acquisitions 2012-2013*	*Write-off/adjustment 2012-2013*	*Total as at 31 December 2013*
Headquarters				
Drug control and crime prevention programmes	2 909	687	(814)	2 782
UNICRI	561	159	(130)	590
Subtotal	**3 470**	**846**	**(944)**	**3 372**
Country offices				
Drug control and crime prevention programmes[a]	22 617	15 036	(23 096)	14 557
UNICRI				
Subtotal	**22 617**	**15 036**	**(23 096)**	**14 557**
Total	**26 087**	**15 882**	**(24 040)**	**17 929**

[a] Includes provisions for aged assets acquired before 2005.

Note 11
Voluntary contributions in kind

(a) In addition to cash contributions, the Funds also received voluntary contributions in kind. The estimated value of voluntary contributions in kind received during the biennium 2012-2013 is $6,083,686. Most of these contributions were project-related and were provided in the field. In accordance with paragraph 35 of the United Nations system accounting standards, the fair valuation of those contributions was determined on the donors' valuations, unless there were significant differences from other valuation indicators available to UNODC, such as market rates. Conversion to United States dollars was made at the United Nations operational rate of exchange at the time the contribution was received, unless there was a material difference between the local amount provided and the actual market value.

(b) In-kind contributions are as follows:

(Thousands of United States dollars)

Receiving fund	*2012-2013*	*2010-2011*
Crime prevention programme	1 615 861	150 409
UNICRI (crime prevention programme)	1 252 640	1 806 011
Drug control programme	3 135 911	2 573 184
Drug control and crime prevention programmes	79 274	
Total	**6 083 686**	**4 529 604**